



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



**THE TEXAS A&M
UNIVERSITY SYSTEM**

Questions for the Texas A&M University System for October 19 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.

See the attachment at end of this document for detailed information as requested.

- 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.

Annual allocations of HEF are determined by the legislature and that process would continue if SFA joined the A&M System and remained a HEF institution.

If SFA became eligible for PUF allocations, at a minimum, it would receive an annual PUF allocations at a level similar to its current HEF allocations. In addition to the annual allocations, as a PUF-eligible institution, SFA would have the ability to request funding for capital projects consistent with its capital plan. As shown on the attached chart, PUF allocations have been/are provided across A&M System institutions and agencies within available resources.

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?

It depends on whether SFA were to become a PUF-eligible institution. An annual amount is allocated to PUF-eligible institutions and agencies in the A&M System to cover equipment purchases, library materials, renovation/rehabilitation projects, and other E&G capital needs. Use of these annual allocations is determined by the member institution or agency to address priority capital projects. Expenses for these projects are recorded by each member institution and reimbursed from PUF debt proceeds when recorded.

- SFA pays debt service from HEF. If SFA were to become a PUF-eligible university, how would debt service be paid?

If SFA becomes a member of the A&M System, an evaluation of SFA's outstanding debt would be completed to determine the most effective method of combining into the A&M System's debt programs. Consideration will need to be given to existing bond covenants, federal tax laws, and the rates on current debt outstanding. If it makes economic sense to roll SFA's debt into the A&M System's programs, we would work toward that goal.

- If SFA were to become a PUF-eligible university, what funds would be available to cover library materials, IT/cloud services, and capital outlay?

PUF-eligible institutions and agencies in the A&M System are allocated an annual amount to cover equipment purchases, library materials, renovation/rehabilitation projects, and other E&G capital needs.

- 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?

Based on available resources, the A&M System supports system-wide IT initiatives and has recently provided funding for the new human capital management system (Workday) and the modernization of our financial system currently being rolled out.

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.

A&M System universities have similar promise programs. The programs vary in detail based on the competitive market and the needs of the university’s students. We encourage universities to adapt their programs to local needs.

A&M System financial resources, such as the Regents’ Scholarships and the Regents’ Grants may be used to meet—in part—unmet needs of students. Our preliminary estimate of what SFA would receive through these two A&M System programs would be:

Regents’ Grants - \$280,000/yr.

Regents’ Scholarships - \$830,000/yr.

Estimated Total - \$1,110,000/yr.

In addition, the A&M System Board of Regents is currently looking into several affordability proposals (similar to the Regents’ Scholarships and Regents’ Grants programs) that would assist our members with the recruitment and retention of Texas students. These proposals include, but are not limited to, funding to reward timely graduation, student employment opportunities, summer school incentives, system-wide legislative strategy to increase the state’s share of higher education costs, implementing system-wide cost control measures, etc.

- Would SFA students have access to the program? If so, would the program apply to all qualifying students?

SFA students would only have access to SFA's promise program. The program is not a system program, but rather based at each institution.

SFA would have access to the Regent Grants and Scholarship programs.

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

SFA would not incur any expenses related to the Regents' Grants and Scholarship programs.

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

Expenses related to the Regents' Grants and Scholarship programs would be reflected on the A&M System Offices annual financial report.

QUESTION 4: SFA EMPLOYEE INSURANCE VESTING

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

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?

Under current state law, to qualify for A&M System benefits at retirement:

- You must be at least age 65 and have at least 10 years of TRS, ERS or ORP service credit, or your age plus years of service equal at least 80 and you have 10 years of service credit, and,
- 10 of those years of service are with the A&M System, or you have a combined total of 10 or more years of service with the A&M System, UT System, and ERS and if A&M System has the most years of service, and,
- you have an intact TRS or ORP account.

If SFA were to join the A&M System, time worked at SFA would count as A&M System time for retirement eligibility. In other words, yes, years of service at SFA would count toward A&M System retirement eligibility. The A&M System does calculate years of service the same way as TRS, so the calculation may be different from ERS that uses partial years.

- 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 order to qualify for A&M System benefits at retirement, an employee would need to have 10 years of service with the A&M System, which SFA time would count as A&M System time, or you have a combined total of 10 or more years of service with the A&M System, UT System, and ERS and if A&M System has the most years of service. This is the same criteria used for UT System and ERS to determine eligibility. This would not change. The time at other state agencies and institutions would still count toward retirement eligibility. However, the A&M System would still have to be the most years of service if less than 10 years of service total with any one state institution or agency, or the most and most recent years if an employee has over 10 years of service with one state institution or agency.

- 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?

All employees that qualify for the A&M System retirement plans will receive 100% of the employee premium for the plans at retirement. There is not a tiered contribution rate at the A&M System for retirement benefits. The member institution pays the entire cost of the retiree’s employer contribution. The current premiums for FY23 are:

A&M Care plan	Total Premium	Employer Contribution	Retiree Contribution
E/O	815.28	815.28	0.00
E/S	1,377.36	1,096.32	281.04
E/C	1,205.80	1,010.54	195.26
E/F	1,606.28	1,210.78	395.50
65 Plus Plan	Total Premium	Employer Contribution	Retiree Contribution
E/O	729.67	729.67	0.00
E/S	1,231.22	1,096.32	134.90
E/C	1,078.08	1,010.54	67.54
E/F	1,435.59	1,210.78	224.81

The A&M System is committed to offering its employees a comprehensive benefits package and has created a Benefits Guide <https://assets.system.tamus.edu/files/benefits/website/BenefitsGuide.pdf> in order to provide awareness of the programs offered to help employees make informed benefits decisions.

- 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?

Whether or not retirees stay on ERS or move to the A&M System plans would depend on how the legislation is written for the SFA transfer. SFA would be responsible for paying the premiums for their retirees regardless of whether they are on ERS or A&M System plans. If retirees stayed with ERS, the cost would be the same. If the retirees were moved to the A&M System plans, the cost to SFA would be based on the retiree coverage level and plan.

*A more accurate breakdown of the cost to SFA could be determined with a breakdown of their retirees, dependents and their Medicare eligibility.

- 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, the SFA OPEB liability would move to the A&M System Office financial statements. The A&M System carries the liability for OPEB for all our member institutions and agencies on our annual financial report.

- How would your system suggest proceeding with clarification from ERS regarding health insurance vesting and retiree health insurance?

The A&M System would coordinate with ERS to ensure SFA employees understand their eligibility for retirement benefits. ERS, UT System, and the A&M System already currently coordinate on eligibility as many employees have time in multiple systems. All of the systems work together to make sure state employees receive the retirement benefits they have earned.

- 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?

We do not see an issue regarding current legislation. Whether or not retirees stay on ERS or move to the A&M System plans would depend on how the legislation is written for the SFA transfer.

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?

SFA’s tuition and fees shown above do fit within the A&M System’s tuition and fee structure for our universities.

Also, over the course of two years (2012 & 2014), the A&M System eliminated several mandatory fees and eliminated many course fees and rolled these amounts into the “University Services Fee”. This simplified the presentation of T&F bills to students/parents and eliminated the “silo” mentality of funding and allowed for a more strategic use of resources.

QUESTION 6: INFORMATION TECHNOLOGY SERVICES

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

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

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

The A&M System provides two of the listed applications (Duo and Concur) as shared services. It should be noted that the A&M System also has enterprise-wide System agreements with Oracle, D2L, Adobe, TeamDynamix, Microsoft, and Qualtrics. Those enterprise-wide System agreements are “opt-in” agreements (i.e., they are not mandatory) and the expenses incurred by SFA for those services/applications will be lower under the enterprise-wide System agreements. Finally, each institution in the A&M System has its own student information system (SIS). As such, SFA would not be required to migrate from its current instance of Ellucian Banner.

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

SFA would incur expenses as part of an assessment for Duo and Concur. It should be noted that those expenses would likely be lower than the current expenses incurred by SFA for Duo and Concur.

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

The assessments paid as part of the A&M System’s shared services are reflected as operating expenses on each members respective Annual Financial Report.

QUESTION 7: TAMUS SALARY EQUITY

Element	Texas A&M University	Prairie View A&M University	Texas A&M International University	Texas A&M University - Texarkana	Texas A&M University - San Antonio	Texas A&M University - Kingsville	Texas A&M University - Galveston	Texas A&M University - Corpus Christi	Texas A&M University - Commerce	Texas A&M University - Central Texas	Tarleton State University	West Texas A&M	Stephen F. Austin State University
Professor													
Number	929	73	27	13	20	98	21	89	62	7	81	65	130
FTE Faculty	853	59	17	13	19	91	20	67	42	5	60	65	127
Median FTE Sal	\$ 144,162	\$ 102,000	\$ 114,704	\$ 101,050	\$ 107,415	\$ 87,763	\$ 109,422	\$ 100,742	\$ 93,713	\$ 100,628	\$ 93,364	\$ 89,742	\$ 82,034
Professor - Rank*	1	5	2	6	4	12	3	7	9	8	10	11	13
Associate Professor													
Number	481	62	59	20	37	89	15	95	111	24	114	65	125
FTE Faculty	459	54	48	20	35	88	13	68	77	23	87	65	124
Median FTE Sal	\$ 100,754	\$ 83,855	\$ 75,898	\$ 72,549	\$ 69,992	\$ 68,250	\$ 81,980	\$ 76,618	\$ 76,406	\$ 65,511	\$ 73,785	\$ 74,032	\$ 68,550
Associate Professor - Rank*	1	2	6	9	10	12	3	4	5	13	8	7	11
Assistant Professor													
Number	341	117	65	31	68	71	12	83	92	40	119	84	125
FTE Faculty	332	109	37	30	61	67	12	56	63	37	93	84	124
Median FTE Sal	\$ 92,134	\$ 64,576	\$ 64,000	\$ 70,000	\$ 64,926	\$ 62,000	\$ 71,954	\$ 65,974	\$ 63,835	\$ 62,772	\$ 62,810	\$ 65,854	\$ 60,172
Assistant Professor - Rank*	1	7	8	3	6	12	2	4	9	11	10	5	13
Total - All Teaching Ranks													
Number	4,065	521	387	173	388	407	174	567	563	175	682	468	816
FTE Faculty	3,105	424	236	113	271	343	129	366	311	101	443	396	654
Average FTE Sal	\$ 86,520	\$ 67,017	\$ 58,462	\$ 54,313	\$ 53,241	\$ 64,815	\$ 64,307	\$ 65,752	\$ 68,242	\$ 59,217	\$ 55,491	\$ 62,680	\$ 53,748
Enrollment													
Fall 2020 Enrollment*	65,272	9,248	8,270	2,161	6,741	6,915	1,653	10,820	11,624	2,339	14,022	10,051	12,488
Enrollment / FTE Faculty All*	21	22	35	19	25	20	13	30	37	23	32	25	19
Enrollment / FTE - Rank*	9	8	2	11	6	10	13	4	1	7	3	5	12

SFA to Median Salary*

Professor	\$ 7,882,801	\$ 2,533,286	\$ 4,145,170	\$ 2,412,750	\$ 3,220,341	\$ 726,896	\$ 3,474,989	\$ 2,373,671	\$ 1,481,832	\$ 2,359,207	\$ 1,437,550	\$ 977,991
Associate Professor	\$ 3,986,855	\$ 1,894,759	\$ 909,682	\$ 495,076	\$ 178,520	\$ (37,140)	\$ 1,662,634	\$ 998,818	\$ 972,573	\$ (376,228)	\$ 648,093	\$ 678,672
Assistant Professor	\$ 3,970,000	\$ 547,021	\$ 475,476	\$ 1,220,736	\$ 590,494	\$ 227,056	\$ 1,463,442	\$ 720,666	\$ 454,981	\$ 322,946	\$ 327,666	\$ 705,761
Total	\$ 15,839,656	\$ 4,975,066	\$ 5,530,328	\$ 4,128,562	\$ 3,989,355	\$ 916,811	\$ 6,601,066	\$ 4,093,156	\$ 2,909,386	\$ 2,305,925	\$ 2,413,309	\$ 2,362,424

SFA to Average Salary*

All Teaching Ranks	\$ 21,432,888	\$ 8,677,926	\$ 3,082,956	\$ 369,510	\$ (331,578)	\$ 7,237,818	\$ 6,905,586	\$ 7,850,616	\$ 9,479,076	\$ 3,576,726	\$ 1,139,922	\$ 5,841,528
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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?

Faculty and staff salaries are a challenge for our universities as well. It is the result of managing our efforts to keep our universities financially accessible to students while also attracting and retaining the best faculty and staff. The A&M System Office would work with SFA leadership to develop a plan by which salary deficiencies are systematically addressed through market adjustments, equity adjustments and regular merit increases. The funding for this would come from 1) enhanced general revenue from legislative appropriations, 2) review and changes in SFA budgetary allocations (based on cost savings generated through shared services), and 3) analysis and adjustments in tuition and fees.

- 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.

A deeper analysis would be required to understand staffing levels at the program and department level. If SFA is as most universities, the university has programs that are understaffed and other programs that are overstaffed. (Undoubtedly, both the overstaffed and understaffed believe they are understaffed.) Careful review and analysis will be necessary to sort this out. We have used a consultant to provide independent analysis of teaching loads to provide data to deans and provosts to help them understand where the greatest needs reside and where faculty numbers may exceed the need.

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?

At the discretion of the A&M System member, the office of Facilities, Planning & Construction (FP&C) is available to manage capital projects less than \$10M as well as assist with Program of Requirements (POR) development. As part of the Business Affairs Department of the A&M System Offices, the FP&C group is responsible for the design and construction of all Capital Projects over \$10M in total project cost. We utilize our internal staff to manage a broad range of design, construction and specialty consultants specifically selected for each project. At this current time we are managing 67 active projects with a combined value of just over \$3B. The scale of our workload and the visibility of our projects assures that the A&M System remains a highly valued client and are sought after by world class design and construction firms on our projects, and have a unique ability to influence many aspects of the design, product supply and construction markets.

The A&M System members are responsible for developing the POR for the project, and obtaining approval for the project to be added to the A&M System Capital Plan. The A&M System members are also expected to assign a User Coordinator to the project to provide campus input and clarifications during the design and construction processes.

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

The project itself is charged a management fee of 2.65% of the total project cost, which covers all expenses for this management service.

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

For construction management costs, these are included in the cost of the asset as it is being built.

QUESTION 9: SYSTEM ADMISSION PROGRAMS TAMUS

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

The “Program for System Admission” facilitates A&M System universities recruiting from the pool of students who were not admitted directly into Texas A&M University. The university (in this case, SFA) decides who to admit from this pool. Typically, A&M System universities choose to offer admission “automatically” to those students on the referral list who meet the university’s automatic admission threshold. Upon enrolling at your university, the student must complete no less than 24 prescribed hours at SFA as determined by their major and if they have the required GPA are offered admission to Texas A&M University. History indicates many of these students choose to stay at the receiving institutions. Data below are from fall 2021. Numbers reflect those who signed up for the program. Individuals who originally applied to both institutions and enrolled in what we describe as the “receiving institution” are not included in this number.

Please provide the number of students that enrolled at each of your system universities through such an admission program:

Institution	# Students From Most Recent Semester Available
Prairie View A&M University	1
Tarleton State University	148
Texas A&M International University	41
Texas A&M University	n/a
Texas A&M University - San Antonio	n/a
Texas A&M University - Central Texas	n/a
Texas A&M University - Commerce	50

Texas A&M University - Corpus Christi	265
Texas A&M University - Galveston	n/a
Texas A&M University - Kingsville	1
Texas A&M University - Texarkana	16
West Texas A&M	22
Total	544

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.

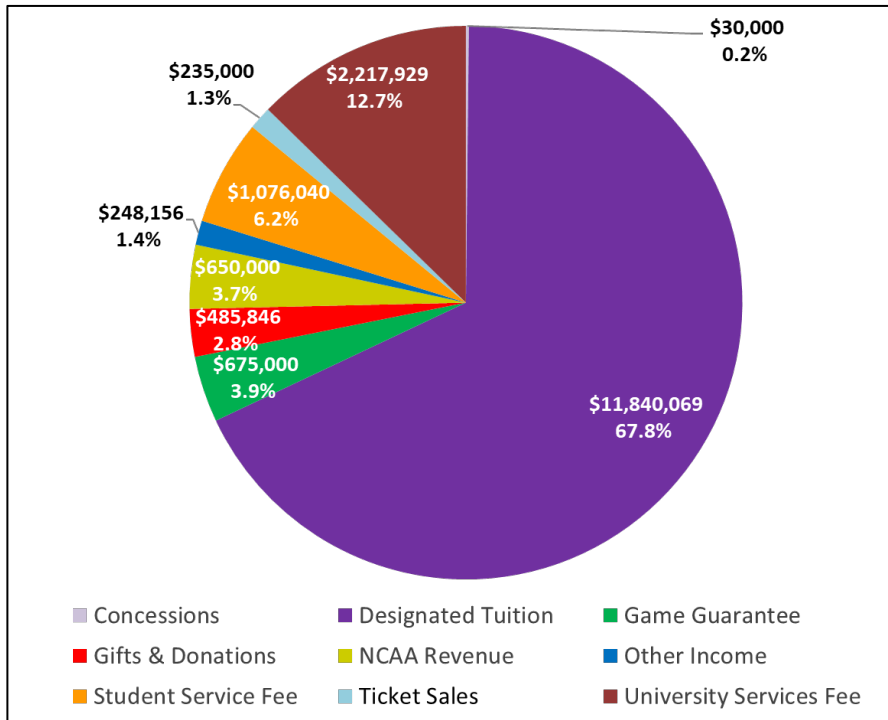
Any state funds will continue to be held in the State Treasury. Per Board policy, all operating and other funds under the control of the Board are pooled for investment. The A&M System's Cash Concentration Pool includes both short-term and long-term investments. While SFA currently participates in the long-term investments, becoming a member of the A&M System would provide the added benefit of daily cash management services and handling of short-term investments. The A&M System provides for daily liquidity to cover immediate needs while investing any excess funds. Banking relationships are procured by the A&M System and approved by the Board to ensure we are capitalizing on economies of scale and ensuring consistency in the level of services provided to our members. In those locations where there is not a branch of the A&M System's main depository bank, other banks are contracted to provide local banking services to our members. It is expected that a local banking relationship will be necessary to handle SFA's needs on a daily basis.

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

Each member of the A&M System reports their operating reserve accounts, bank balances, and their share of the Cash Concentration Pool on their respective 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?

The A&M System Offices can provide support and assistance with expense analysis from the Budget and Accounting Office. In addition, the A&M System has a robust data warehouse that provides the ability to collect and analyze financial data (across members) to develop reports that track trends and allow for comparative analysis. The Office of Enterprise Software Initiatives can train and help SFA utilize this resource.

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?

All insurance is procured through A&M System Risk Management. For comparative purposes, the amount shown at the end of each bullet is the amount currently paid by Tarleton State University.

- **Directors & Officers/Employment Practices liability is a commercial policy procured for the entire A&M System, premium is assessed based on the total number of FTE's per institution to total A&M System FTE's. (\$14,656 – policy limit of \$5M/\$1M deductible)**
- **Cyber Liability insurance is not purchased.**
- **Auto Insurance is assessed by loss history and number of autos, and it is an A&M System self-insured plan. (\$21,526 – policy limits of 250/500/100 and \$1K deductible)**
- **Property & Equipment Breakdown insurance is a commercial policy. Premium is allocated based on each member's Total Insured Value (TIV) to the A&M System total TIV. (\$688,924 – policy limit of \$1B/\$1M deductible)**
- **Inland marine insurance is a commercial policy procured for the entire A&M System. Premium is allocated based on the total insured value of assets. (\$16,746 - \$2,500 deductible)**
- **General Liability insurance is not purchased.**
- **Workers Compensation insurance is an A&M System self-insured plan. Premium assessments are determined by a yearly actuarial, basis is loss history and salaries. (\$204,011)**
- **Sports Accident/Medical insurance is a commercial product. We leverage the buying power of the entire A&M System, each member is underwritten individually based on losses. (\$190,000)**

TOTAL - \$1,135,863

- Would SFA incur any expenses for insurance or pay an allocation or assessment to the system for insurance?

All insurance is procured by the A&M System Risk Management office. Costs are allocated/assessed to each member based on the factors described above.

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

The assessments paid as part of the A&M System's shared services are reflected as operating expenses on each members respective Annual Financial Report.

QUESTION 13: SACSCOC ACCREDITATION FINANCIAL REQUIREMENTS

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

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

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

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

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

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

- Does your system currently engage in a financial statement review or audit as of the fiscal year end separate from inclusion in the State of Texas audit?

The A&M System Office performs a desk review on the member's AFR and we submit to the Comptroller's Office on behalf of all members by November 20th of each year. The State Auditor's Office reviews the consolidated AFR and selects certain line items to audit each year. They notify the A&M System Office and the member of any audits. The A&M System does not require a separate audit/review of the AFR for each member by an external CPA firm.

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

The A&M System Office has a master contract with several CPA firms, these CPA firms would be made available for SFA to select. SFA can use these CPA firms or select their own to ensure the deadlines are met

- 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)?

The A&M System Office helps pull additional data together for the SACSCOC audits for note disclosures. The expectation is SFA's fiscal office will coordinate with both the CPA firm they have selected and with the A&M System accounting office.

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?

The A&M System has had the same experience with SACSCOC. SFA would need to coordinate with a CPA firm for the audit of financial aid.

- 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)?

This will remain a requirement of SFA fiscal office.

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?

The A&M System Office offers many centralized shared services (such as the ones noted above) that take advantage of economies of scale and provide value-added expertise that would otherwise be too expensive to acquire and maintain by the members independently. SFA and the A&M System would work collaboratively over time to determine which operations could be most effectively performed at the campus, at the A&M System Office through a shared service, or some combination.

- Would SFA be permitted to maintain these functions, in collaboration with the System office, on our campus?

All audit and legal functions report to the A&M System Chief Auditor and General Counsel, respectively. These services are located in College Station at the Moore/Connally Building.

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

Yes, SFA would incur an assessment for the shared services provided. The assessments paid as part of the A&M System's shared services are reflected as operating expenses on each members respective Annual

Financial Report. The direct shared services (such as those noted above) provided by the A&M System Offices are partially supplemented/offset by the A&M System Offices.

For example, the “net” amount paid by Tarleton State University for the three services noted above is:

Audit Services - \$121,180

Legal Services - \$125,296

Board of Regents - \$0

Total - \$246,476

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

The assessments paid as part of the A&M System’s shared services are reflected as operating expenses on each members respective Annual Financial Report.

QUESTION 15: SFA DEBT

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

Stephen F. Austin University- Outstanding Debt as of September 1, 2022										
Series (by Project)	Internal Funding Source	Final Maturity	Amount Outstanding	Interest Payable	Total Debt Service	Callable Amount	Call Date	Interest Mode	TE/TX	
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 SavinGuaranty 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 A&M System has two debt programs which include PUF Bonds and Revenue Financing System Bonds. All debt is issued at the A&M System level and reported on the A&M System Office’s financial statements. If SFA becomes a member of the A&M System, an evaluation of its current outstanding debt would be completed to determine the optimal solution with consideration given to market conditions, existing bond

covenants, and federal tax law limitations. If debt service savings can be achieved, the A&M System would work with bond counsel to determine if a refunding of the existing debt is feasible. For any currently outstanding debt that cannot be refunded due to economics or other restrictions, the debt would be classified as Prior Encumbered Obligations and remain outstanding in its current form. Future debt for SFA capital projects would be issued by the A&M System and reported accordingly.

- How will the outstanding debt be reflected in the annual financial report of SFA and of the system?

The current outstanding debt would be reported as Prior Encumbered Obligations until such time when it could be refunded into the A&M System's debt program or is paid off.

If funding comes from the State (e.g., TRB/CCAP debt service), the funding for this debt is normally transferred to the A&M System Office in USAS for the A&M System Office to pay these costs. This would appear as a legislative transfer out the Annual Financial Report.

- Will debt management, reporting, and compliance be performed by the system?

All debt management functions for the A&M System's debt programs are handled by the A&M System Office. This includes debt issuance, debt service payments, securing reimbursements from the State for TRB/CCAP debt, reporting, arbitrage management, compliance and continuing disclosure requirements.

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?

The SFA OPEB and Pension liabilities would be removed from SFA financial statements...a restatement would be recorded during the transition year. The A&M System is self-funded for OPEB, we have our own actuary liability calculated. We can provide details to SFA's management for their portion if needed. For the TRS pension liability, we receive the reports from the Comptroller's Office with all of the A&M System members liability for the non-General Revenue portion. The A&M System Office records this pension liability on our books as well since we are reported as a single entity on the Texas ACFR.

- 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?

The GASB accruals for pension and OPEB would not be reported on the SFA AFR...the data is available to be reported as supplementary information, if needed.

QUESTION 17: TAMUS OPERATING EXPENSES AND OPERATING REVENUES

Element - Fiscal Year 2021	Texas A&M University	Prairie View A&M University	Texas A&M International University	Texas A&M University - Texarkana	Texas A&M University - San Antonio	Texas A&M University - Kingsville	Texas A&M University - Galveston	Texas A&M University - Corpus Christi	Texas A&M University - Commerce	Texas A&M University - Central Texas	Tarleton State University	West Texas A&M	Stephen F. Austin State University
Full-Time Student Equivalent (FTSE)	58,150	8,069	6,962	1,652	4,763	5,616	1,733	9,336	9,311	1,607	11,556	7,725	10,369
Net Tuition and Fees	\$ 679,630,868	\$ 58,606,513	\$ 35,768,011	\$ 11,361,519	\$ 29,496,373	\$ 39,587,132	\$ 21,352,721	\$ 82,142,446	\$ 80,100,693	\$ 12,660,398	\$ 95,089,627	\$ 61,182,029	\$ 81,001,375
Other Operating Revenue	\$ 643,582,784	\$ 50,316,941	\$ 21,275,067	\$ 5,913,568	\$ 7,149,356	\$ 37,853,180	\$ 15,958,254	\$ 39,903,025	\$ 32,552,735	\$ 1,917,942	\$ 58,933,300	\$ 37,272,438	\$ 28,286,510
Total Operating Revenue	\$ 1,323,213,652	\$ 108,923,455	\$ 57,043,078	\$ 17,275,088	\$ 36,645,729	\$ 77,440,312	\$ 37,310,975	\$ 122,045,471	\$ 112,653,428	\$ 14,578,340	\$ 154,022,927	\$ 98,454,467	\$ 109,287,885
Total Operating Revenue / FTSE	\$ 22,755.18	\$ 13,499.00	\$ 8,193.49	\$ 10,457.07	\$ 7,693.83	\$ 13,789.23	\$ 21,529.70	\$ 13,072.57	\$ 12,098.96	\$ 9,071.77	\$ 13,328.39	\$ 12,744.91	\$ 10,539.87
Rank Operating Revenue / FTSE	1	4	12	10	13	3	2	6	8	11	5	7	9
Net Tuition and Fees / FTSE	\$ 11,687.55	\$ 7,263.17	\$ 5,137.61	\$ 6,877.43	\$ 6,192.81	\$ 7,048.99	\$ 12,321.25	\$ 8,798.46	\$ 8,602.80	\$ 7,878.28	\$ 8,228.59	\$ 7,920.00	\$ 7,811.88
Rank Net Tuition and Fees / FTSE	2	9	13	11	12	10	1	3	4	7	5	6	8
Operating Expenses	\$ 2,026,783,085	\$ 287,325,444	\$ 136,421,973	\$ 47,682,058	\$ 111,729,879	\$ 160,965,982	\$ 70,682,443	\$ 252,683,611	\$ 186,574,607	\$ 39,777,039	\$ 236,841,850	\$ 172,439,519	\$ 255,853,495
Less: OPEB / Pension Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23,438,253)
Adjusted Operating Expenses	\$ 2,026,783,085	\$ 287,325,444	\$ 136,421,973	\$ 47,682,058	\$ 111,729,879	\$ 160,965,982	\$ 70,682,443	\$ 252,683,611	\$ 186,574,607	\$ 39,777,039	\$ 236,841,850	\$ 172,439,519	\$ 232,415,242
Operating Expense / FTSE	\$ 34,854.40	\$ 35,608.56	\$ 19,595.23	\$ 28,863.23	\$ 23,457.88	\$ 28,662.03	\$ 40,786.18	\$ 27,065.51	\$ 20,038.08	\$ 24,752.36	\$ 20,495.14	\$ 22,322.27	\$ 24,674.85
Rank Oper Exp / FTSE	3	2	13	4	9	5	1	6	12	7	11	10	8
Adjusted Operating Expense / FTSE	\$ 34,854.40	\$ 35,608.56	\$ 19,595.23	\$ 28,863.23	\$ 23,457.88	\$ 28,662.03	\$ 40,786.18	\$ 27,065.51	\$ 20,038.08	\$ 24,752.36	\$ 20,495.14	\$ 22,322.27	\$ 22,414.43
Rank Adj Oper Expense / FTSE	3	2	13	4	8	5	1	6	12	7	11	10	9

Sources:

Texas Higher Education Coordinating Board
Texas Higher Education Accountability System - Interactive Report
<http://www.bxhigheredaccountability.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?

We understand that there will be some differences in operating costs per FTSE due to SFA being an independent university. Our goal would be for SFA to find opportunities for cost savings through shared services and system-wide contracts for goods and services that may provide additional purchasing powers by being part of a System contract.

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

The A&M System Offices can provide support and assistance with expense analysis from the Budget and Accounting Office. In addition, the A&M System has a robust data warehouse that provides the ability to collect and analyze financial data to develop reports that track trends and ratio analysis such as the Composite Financial Index. The Office of Enterprise Software Initiatives can train and help SFA utilize this resource.

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?

No concerns. However, SFA may find opportunities to collaborate with fellow members and the A&M System can provide some best practices in enrollment management to help grow enrollment to positively impact operating revenue.

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

The A&M System has a robust data warehouse system that can be used to analyze operating revenue by category and account over historical periods to look for trends. Reports can be written and automatically delivered to key stakeholders and decision makers.

Enrollment management is a key component of operating revenue and the A&M System can provide best practices and collaboration with other academic members to assist in finding ways to increase enrollment which will result in increased operating revenue.

- 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?

The System does have a tuition discounting work paper we provide to all A&M members; it is recommended members use this work paper, however, some members have other work papers they prefer to use and this is acceptable. Each work paper requires data from the Banner systems and is submitted for review to the A&M System Office during the AFR desk review. We are working with our members and NACUBO on the changes to the calculation to move away from the alternative method. In addition, prior to the end of the fiscal year, the A&M System accounting office will host a workshop to go over any accounting changes needed for the annual financial report and will review each member's annual financial reports including their discount calculations.

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?

The president search process could be completed by the May 31, 2023 deadline. The actual date the president begins would be contingent on the selected president's availability. To meet this deadline we would initiate the process as soon as notified that we are the preferred system. We would begin the process by 1) implementing an MOU delegating to the A&M System the authority to conduct the search, and 2) hiring a search firm. When the announcement of affiliation between SFA and A&M System was made public, we would immediately spend significant time on campus with constituents and individuals to gain better knowledge of the institution's history, culture, challenges, and opportunities. A committee would then be created to work with the search firm. This process—from creation of the search committee to naming a president, typically takes a full 6 months. James Hallmark and Jill Woodall from the A&M System would lead the search.

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?

The “transition” to the A&M System would be a team effort. As was recently completed with the Texas Division of Emergency Management (TDEM), resources (financial and personnel) would be organized and allocated to make the transition happen as smoothly, efficiently, and seamlessly as possible. A project leadership team would be established to lead the various sub-groups in areas such as financial accounting, HR/payroll, benefits administration, general counsel, audit, business operations, treasury services, information technology, etc. The teams would be made up of both A&M System and SFA personnel.

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?

This will require careful coordination and alignment of the legislative action and the A&M System Board of Regents. The A&M System Board of Regents will call “telephonic meetings” as necessary to meet the SACSCOC deadlines/timetable.

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?

The draft FY 2024 budget calendar for the A&M System is similar to the timeline referenced above. The FY 2024 draft budget calendar has member budgets due to the A&M System office on June 16th for review with the goal of finalizing the budget by July 17th. The final budget will be submitted and reviewed for approval at the August 17th Board meeting. In addition, each CEO will participate in “Programmatic Budget Reviews” with the Board of Regents in late July or early August in which they will present their financial plans to the Board in preparation for the August meeting.

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?

The A&M System has implemented a strong suite of enterprise-wide applications: purchasing (Aggiebuy), travel (Concur), financials (FAMIS/Canopy), position budgeting, grants management (Maestro), time and effort, and HR/Payroll (Workday). All members of the A&M System utilize these enterprise-wide applications. The A&M System would work with SFA to migrate over these applications in a manner and in a timeframe that does not harm SFA's ability to complete research, educate students, or report to the State. There is no “drop dead” date by which SFA would have to be migrated to the A&M System enterprise-wide applications. In addition, the A&M System would be able to deploy financial and personnel resources to assistance as is needed in the transition.

The Texas A&M University System
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	Totals
Texas A&M											
PUF	\$ 108,000,000	\$ 90,500,000	\$ 71,416,955	\$ 70,000,000	\$ 22,000,000	\$ 20,000,000	\$ -	\$ 19,000,000	\$ 1,000,000	\$ 69,897,111	\$ 471,814,066
TRB/CCAP	\$ -	\$ -	\$ 75,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,153,542	\$ -	\$ 131,153,542
Total	\$ 108,000,000	\$ 90,500,000	\$ 146,416,955	\$ 70,000,000	\$ 22,000,000	\$ 20,000,000	\$ -	\$ 19,000,000	\$ 57,153,542	\$ 69,897,111	\$ 602,967,608
TAMUG											
TRB/CCAP	\$ -	\$ -	\$ 60,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,692,125	\$ -	\$ 93,692,125
Total	\$ -	\$ -	\$ 60,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,692,125	\$ -	\$ 93,692,125
TAMHSC											
PUF	\$ -	\$ -	\$ 39,143,696	\$ -	\$ 133,326,521	\$ -	\$ 30,102,889	\$ -	\$ -	\$ -	\$ 202,573,106
PUF Annual Allocations	\$ 6,200,000	\$ 6,200,000	\$ 7,900,000	\$ 7,900,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 118,200,000
TRB/CCAP	\$ -	\$ -	\$ 144,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,845,667	\$ -	\$ 243,845,667
Total	\$ 6,200,000	\$ 6,200,000	\$ 191,043,696	\$ 7,900,000	\$ 148,326,521	\$ 15,000,000	\$ 45,102,889	\$ 15,000,000	\$ 114,845,667	\$ 15,000,000	\$ 564,618,773
PVAMU											
PUF	\$ 35,000,000	\$ -	\$ 2,158,000	\$ -	\$ -	\$ -	\$ 64,900,000	\$ -	\$ 1,000,000	\$ -	\$ 103,058,000
TRB/CCAP	\$ -	\$ -	\$ 28,632,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 73,554,833
Total	\$ 35,000,000	\$ -	\$ 30,790,000	\$ -	\$ -	\$ -	\$ 64,900,000	\$ -	\$ 45,922,833	\$ -	\$ 176,612,833
Tarleton											
PUF	\$ -	\$ 20,000,000	\$ -	\$ 1,200,000	\$ 655,297	\$ -	\$ -	\$ 63,000,000	\$ -	\$ -	\$ 84,855,297
PUF Annual Allocations	\$ 3,500,000	\$ 3,500,000	\$ 4,700,000	\$ 4,700,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 70,400,000
TRB/CCAP	\$ -	\$ -	\$ 93,600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000,000	\$ -	\$ 183,600,000
Total	\$ 3,500,000	\$ 23,500,000	\$ 98,300,000	\$ 5,900,000	\$ 9,655,297	\$ 9,000,000	\$ 9,000,000	\$ 72,000,000	\$ 99,000,000	\$ 9,000,000	\$ 338,855,297
A&M - Corpus Christi											
HEF	\$ 7,100,000	\$ 7,100,000	\$ 7,420,000	\$ 11,136,344	\$ 11,136,344	\$ 11,136,344	\$ 11,136,344	\$ 11,478,824	\$ 11,478,824	\$ 11,478,824	\$ 100,601,848
TRB/CCAP	\$ -	\$ -	\$ 60,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 104,922,833
Total	\$ 7,100,000	\$ 7,100,000	\$ 67,420,000	\$ 11,136,344	\$ 11,136,344	\$ 11,136,344	\$ 11,136,344	\$ 11,478,824	\$ 56,401,657	\$ 11,478,824	\$ 205,524,681
TAMIU											
HEF	\$ 3,800,000	\$ 3,800,000	\$ 4,470,000	\$ 6,709,910	\$ 6,709,910	\$ 6,709,910	\$ 6,709,910	\$ 7,462,394	\$ 7,462,394	\$ 7,462,394	\$ 61,296,822
TRB/CCAP	\$ -	\$ -	\$ 55,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 100,122,833
Total	\$ 3,800,000	\$ 3,800,000	\$ 59,670,000	\$ 6,709,910	\$ 6,709,910	\$ 6,709,910	\$ 6,709,910	\$ 7,462,394	\$ 52,385,227	\$ 7,462,394	\$ 161,419,655
TEXAS A&M - Kingsville											
HEF	\$ 5,000,000	\$ 5,000,000	\$ 5,980,000	\$ 8,966,056	\$ 8,966,056	\$ 8,966,056	\$ 8,966,056	\$ 8,858,060	\$ 8,858,060	\$ 8,858,060	\$ 78,418,404
TRB/CCAP	\$ -	\$ -	\$ 60,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 104,922,833
Total	\$ 5,000,000	\$ 5,000,000	\$ 65,980,000	\$ 8,966,056	\$ 8,966,056	\$ 8,966,056	\$ 8,966,056	\$ 8,858,060	\$ 53,780,893	\$ 8,858,060	\$ 183,341,237
WTAMU											
HEF	\$ 4,700,000	\$ 4,700,000	\$ 4,780,000	\$ 7,164,408	\$ 7,164,408	\$ 7,164,408	\$ 7,164,408	\$ 7,446,495	\$ 7,446,495	\$ 7,446,495	\$ 65,177,117
TRB/CCAP	\$ -	\$ -	\$ 45,360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 90,282,833
Total	\$ 4,700,000	\$ 4,700,000	\$ 50,140,000	\$ 7,164,408	\$ 7,164,408	\$ 7,164,408	\$ 7,164,408	\$ 7,446,495	\$ 52,369,328	\$ 7,446,495	\$ 155,459,950

The Texas A&M University System
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	Totals
TAMUT											
HEF	\$ 1,300,000	\$ 1,300,000	\$ 1,220,000	\$ 1,823,883	\$ 1,823,883	\$ 1,823,883	\$ 1,823,883	\$ 2,050,273	\$ 2,050,273	\$ 2,050,273	\$ 17,266,351
TRB/CCAP	\$ -	\$ -	\$ 32,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 76,922,833
Total	\$ 1,300,000	\$ 1,300,000	\$ 33,220,000	\$ 1,823,883	\$ 1,823,883	\$ 1,823,883	\$ 1,823,883	\$ 2,050,273	\$ 46,973,106	\$ 2,050,273	\$ 94,189,184
A&M - Commerce											
HEF	\$ 5,200,000	\$ 5,200,000	\$ 7,190,000	\$ 10,786,313	\$ 10,786,313	\$ 10,786,313	\$ 10,786,313	\$ 11,123,859	\$ 11,123,859	\$ 11,123,859	\$ 94,106,829
TRB/CCAP	\$ -	\$ -	\$ 48,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 92,922,833
Total	\$ 5,200,000	\$ 5,200,000	\$ 55,190,000	\$ 10,786,313	\$ 10,786,313	\$ 10,786,313	\$ 10,786,313	\$ 11,123,859	\$ 56,046,692	\$ 11,123,859	\$ 187,029,662
A&M - Central Texas											
PUF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,287,510	\$ -	\$ -	\$ -	\$ 1,287,510
PUF Annual Allocations	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 15,000,000
TRB/CCAP	\$ -	\$ -	\$ 36,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 80,922,833
Total	\$ 500,000	\$ 500,000	\$ 37,000,000	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,287,510	\$ 2,000,000	\$ 46,922,833	\$ 2,000,000	\$ 97,210,343
A&M - San Antonio											
PUF	\$ -	\$ -	\$ -	\$ -	\$ 25,000,000	\$ -	\$ 48,000,000	\$ -	\$ 1,440,000	\$ -	\$ 74,440,000
PUF Annual Allocations	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 21,000,000
TRB/CCAP	\$ -	\$ -	\$ 63,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 107,922,833
Total	\$ 500,000	\$ 500,000	\$ 64,000,000	\$ 1,000,000	\$ 28,000,000	\$ 3,000,000	\$ 51,000,000	\$ 3,000,000	\$ 49,362,833	\$ 3,000,000	\$ 203,362,833
Agricultural Agencies											
PUF	\$ -	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ 6,835,000	\$ -	\$ 20,000,000	\$ 20,000,000	\$ 56,835,000
PUF Annual Allocations	\$ 1,800,000	\$ 1,800,000	\$ 2,500,000	\$ 2,500,000	\$ 3,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 36,600,000
Total	\$ 1,800,000	\$ 1,800,000	\$ 12,500,000	\$ 2,500,000	\$ 3,000,000	\$ 5,000,000	\$ 11,835,000	\$ 5,000,000	\$ 25,000,000	\$ 25,000,000	\$ 93,435,000
Engineering Agencies											
PUF	\$ -	\$ -	\$ -	\$ 58,000,000	\$ 250,000	\$ 75,766,161	\$ 2,000,000	\$ 5,000,000	\$ -	\$ 10,000,000	\$ 151,016,161
PUF Annual Allocations	\$ 2,200,000	\$ 2,200,000	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 43,100,000
Total	\$ 2,200,000	\$ 2,200,000	\$ 2,900,000	\$ 60,900,000	\$ 3,150,000	\$ 81,766,161	\$ 8,000,000	\$ 11,000,000	\$ 6,000,000	\$ 16,000,000	\$ 194,116,161
System Initiatives/RELLIS											
PUF	\$ -	\$ -	\$ 49,368,870	\$ 43,557,058	\$ 3,000,000	\$ 81,521,741	\$ 21,259,478	\$ 5,372,000	\$ 17,284,123	\$ 85,000,000	\$ 306,363,270
TRB/CCAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,425,406	\$ -	\$ 43,425,406
Total	\$ -	\$ -	\$ 49,368,870	\$ 43,557,058	\$ 3,000,000	\$ 81,521,741	\$ 21,259,478	\$ 5,372,000	\$ 60,709,529	\$ 85,000,000	\$ 349,788,676
Totals											
PUF	\$ 143,000,000	\$ 110,500,000	\$ 172,087,521	\$ 172,757,058	\$ 184,231,818	\$ 177,287,902	\$ 174,384,877	\$ 92,372,000	\$ 40,724,123	\$ 184,897,111	\$ 1,452,242,410
PUF Annual Allocations	\$ 14,700,000	\$ 14,700,000	\$ 20,000,000	\$ 20,000,000	\$ 34,900,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 304,300,000
HEF	\$ 27,100,000	\$ 27,100,000	\$ 31,060,000	\$ 46,586,914	\$ 46,586,914	\$ 46,586,914	\$ 46,586,914	\$ 48,419,905	\$ 48,419,905	\$ 48,419,905	\$ 416,867,371
TRB/CCAP	\$ -	\$ -	\$ 800,792,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 727,422,237	\$ -	\$ 1,528,214,237
Total	\$ 184,800,000	\$ 152,300,000	\$ 1,023,939,521	\$ 239,343,972	\$ 265,718,732	\$ 263,874,816	\$ 260,971,791	\$ 180,791,905	\$ 856,566,265	\$ 273,317,016	\$ 3,701,624,018