

STEPHEN F. AUSTIN STATE UNIVERSITY



Response to Request for Information
House Higher Education Committee
Interim Charge Two

September 1, 2020

Below is Stephen F. Austin State University's (SFA) response to the House Higher Education Committee's request for information related to Interim Charge Two:

Evaluate current and future capital infrastructure needs at Texas public universities, health-related institutions, and Texas State Technical Colleges in preparation for potential legislation to be considered by the 87th Legislature. Identify and evaluate alternatives to tuition revenue bonds for the State's funding of higher education capital infrastructure needs, including options for addressing deferred maintenance needs at aging campuses.

1. As a result of the pandemic, have institutions' infrastructure needs changed?

Yes, our infrastructure needs have changed. A large percentage of deployed classroom technology was geared towards face-to-face delivery of instruction. The pandemic has required the institution to modify and upgrade classroom technology to accommodate an appropriate online delivery modality. Approximately \$2.6 million of federal CARES Act funding was dedicated to 80 classroom technology upgrades. The institution also needs to have a plan and funds to refresh the technology when it reaches end-of-life. Our cloud infrastructure needs have also grown and additional cloud services and funding will be needed to support the infrastructure changes due to increased services and needs to support virtual and remote services.

2. How have institutions' needs changed since the 86th Legislature? Are there projects that were included in HB 2000 that are no longer needed; i.e., were funded through other means? Are there projects that were not included in HB 2000 that now are a need? If so, why?

Stephen F. Austin State University is in the process of refining our Legislative Appropriations Request. The pandemic has changed many things since the 86th Legislature; therefore, great care is being taken to examine our capital needs and requests in light of the changes that have occurred due to the ongoing pandemic.

3. If the pandemic has changed institutional needs, are there federal funds that could qualify to help offset COVID-related changes?

The university was awarded over \$10 million in federal CARES Act funding, and the funds were crucial in providing student relief aid, technological upgrade support, and residence life student reimbursement support.

4. Has the economic recession impacted borrowing costs for a potential Tuition Revenue Bond? Are there any anticipated changes to the costs of borrowing in the future, should conditions remain as they are?

The economic recession has resulted in a favorable interest rate environment for capital projects. The current interest rate environment strongly supports the consideration of Tuition Revenue Bond initiatives for the 87th legislative session. In fact, SFA is in the process of refunding current callable bond issues.

5. Are there financial or other benefits to paying for TRBs with cash rather than borrowing money?

If the state is able to pay for capital projects using cash rather than borrowing, a significant amount of interest could be saved even though interest rates are currently low.

6. What kinds of longer-term impacts will we see to institutions if TRBs continue to be pushed off?

If capital projects are not funded, Stephen F. Austin State University will not be able to keep up with student demand for modern classroom and laboratory spaces, thus causing SFA to fall behind other institutions around the country. It would be optimal for SFA to model the experience in business and industry; therefore, SFA needs facilities and equipment that mirror what students will see in the workforce.