

## **BILL ANALYSIS**

C.S.H.B. 2639  
By: Clardy  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Over the past year, Stephen F. Austin State University (SFA) has engaged in an ongoing, comprehensive process to determine whether to join one of the state's university systems. The university asked each interested system to develop a proposal for SFA to join as a system member and received invitations from four university systems. After consideration of each proposal and input from community members, alumni, students, and faculty, the SFA board of regents voted in the fall of 2022 to join The University of Texas System. C.S.H.B. 2639 provides for the establishment of SFA as a university within the UT system, including eligibility for funding under the permanent university fund and transition to the system overseen by the UT system board of regents. The bill sets out additional provisions relating to the transition, the admission and credit transfer of students, and the employment of tenured and tenure-track faculty.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the board of regents of The University of Texas System in SECTION 1 of this bill.

### **ANALYSIS**

#### **Creation of SFA-UT**

C.S.H.B. 2639 sets out provisions and amends the Education Code to create a general academic teaching institution in Nacogdoches to be known as Stephen F. Austin State University, a member of The University of Texas System (SFA-UT). The bill provides for SFA-UT's establishment by the board of regents of The University of Texas System (UT board) as a component institution within the UT system that offers degrees and their equivalents under the governance, management, and control of the UT board.

C.S.H.B. 2639 accordingly abolishes Stephen F. Austin State University (SFA) as specified, repeals the statutes currently governing SFA, clarifies references in law to SFA-UT, provides for the transfer of management and control to the UT system, and sets out transition provisions applicable to membership in the UT system.

#### **Abolition of SFA**

C.S.H.B. 2639 establishes the following:

- SFA is abolished on a date the UT board determines appropriate to achieve the maximum operating efficiency of the system; and

- effective on that designated date:
  - the statutory provisions governing SFA are repealed;
  - the terms of office of members of the board of regents of SFA (SFA board) expire; and
  - SFA-UT must begin operating as a member of the UT system.

The designated date must be entered into the UT board's minutes and the board must provide the secretary of state with written notice of the abolition. The UT board may not act to abolish SFA earlier than the date SFA-UT begins operation.

C.S.H.B. 2639 establishes that the abolition of SFA does not affect any pledge of revenue from a fee made by or on behalf of SFA to pay obligations issued in connection with facilities for which the fee was imposed and the obligations were issued.

### **Permanent University Fund; Equitable Allocation Formula**

C.S.H.B. 2639 entitles SFA-UT to participate in the permanent university fund to the same extent as similar component institutions of the UT system and authorizes the UT board to solicit, accept, and administer gifts, grants, or donations of any kind and from any source for SFA-UT use.

C.S.H.B. 2639, effective September 1, 2023, removes SFA's entitlement to the annual amount of funds allocated under the equitable allocation formula. Accordingly, the bill increases entitlement to funds allocated under the formula for the following institutions or each of the component institutions of the following university systems, as applicable:

- the University of North Texas System;
- the Texas State University System;
- Texas Southern University;
- the Texas Tech University System;
- the Texas Woman's University System;
- the University of Houston System; and
- The Texas A&M University System.

### **Transfer of Management and Control by SFA Board; UT Board Requirements**

C.S.H.B. 2639 sets out a general requirement for the SFA board to take all steps necessary to facilitate the operation of SFA-UT and the orderly winding up of the affairs of SFA and, for that purpose, expressly authorizes the transfer of management and control of SFA by the SFA board to the UT board. Furthermore, the bill requires the UT board to do the following:

- provide for the organization, administration, and location of SFA-UT and of the colleges, schools, and other institutions and entities of SFA-UT as necessary to achieve the maximum operating efficiency of SFA-UT, which authority, as provided by the bill, prevails over other law;
- make any other rules and regulations for the operation, control, and management of SFA-UT as necessary for the conduct of SFA-UT as a university of the first class;
- provide for adequate physical facilities for use by SFA-UT; and
- seek the inclusion of SFA-UT initially in the same athletic conferences, and participation in the same National Collegiate Athletic Association division, as SFA immediately before its abolition.

### **Faculty, Staff, and Students**

C.S.H.B. 2639 requires the UT board, in recognition of the authorized abolition of SFA, to facilitate the employment at SFA-UT of as many faculty and staff of SFA as is prudent and practical, subject to the following:

- a person who is tenured faculty of SFA on the date of its abolition is entitled to tenure at SFA-UT; and
- a person who is in a tenure-track teaching position at SFA on the date of its abolition is entitled to a tenure-track position at SFA-UT and must be considered for tenure on the same schedule governing the position at SFA.

Moreover, the bill authorizes the UT board to make joint faculty appointments to positions in SFA-UT and to positions in other institutions under the governance of the UT board.

C.S.H.B. 2639 entitles a student admitted to or enrolled at SFA on the date of abolition to admission at SFA-UT and requires the UT board to take actions necessary to facilitate that admission and the appropriate transfer of credits.

### **Courses and Degrees; Texas Higher Education Coordinating Board Approval**

C.S.H.B. 2639 authorizes the UT board to prescribe courses leading to customary degrees offered at leading American universities and to award those degrees, including bachelor's, master's, and doctoral degrees and their equivalents. The degrees must be awarded in the name of SFA-UT.

C.S.H.B. 2639 prohibits a degree program from being instituted at SFA-UT without the prior approval of the Texas Higher Education Coordinating Board, with certain exceptions based on previous approval or express authorization.

### **Transition to UT System**

C.S.H.B. 2639 provides for the following with regard to SFA's transition to the UT system:

- the transfer, on the date of SFA's abolition, of all money, property, and facilities under the management and control of the SFA board to the management and control of the system board for the use and benefit of SFA-UT;
- the transfer to the UT board of responsibility for all contracts and other obligations, including bonds, entered into by the SFA board or the Texas Public Finance Authority for and on behalf of SFA;
- the authority of the UT board to impose and collect any fee authorized by prior law for SFA in a manner consistent with such law as it existed at the time of abolition;
- the eligibility of certain SFA employees who participate, or would be eligible to participate at a future date, in a group benefits insurance program under the Texas Employees Group Benefits Act to participate in the uniform benefits insurance program of the UT system;
- the transfer to the UT system, from the Employees Retirement System of Texas on behalf of individuals who become participants in the uniform benefits insurance program, a lump sum to preserve existing equities within the respective insurance programs; and
- to the extent that SFA has authorized but unissued bonding authority, the authority of the UT board to issue bonds in that amount and for the same purposes under the systemwide revenue financing program for the benefit of SFA-UT.

### **UT System Component Institutions and Entities**

C.S.H.B. 2639 clarifies that the UT system includes The University of Texas at Tyler and The University of Texas Rio Grande Valley and does not include certain entities affiliated with component institutions.

### **Repealed Provisions**

C.S.H.B. 2639 repeals Chapter 101, Education Code, effective on the designated abolition date of SFA.

## **EFFECTIVE DATE**

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, the bill has no effect.

## **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2639 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced prohibited a department, school, or degree program from being instituted without prior Texas Higher Education Coordinating Board approval, the substitute prohibits only a degree program from being instituted.

Whereas the introduced provided for the retained eligibility and service credit for certain SFA employees who participate in an applicable group benefits insurance program, the substitute provides for such employees to participate in the uniform benefits insurance program of the UT system and for the related transfer of money to preserve existing equities within the respective insurance programs.

The substitute includes a specification absent from the introduced that the transfer of all money, property, and facilities under the management and control of the SFA board to the management and control of the UT board is for the use and benefit of SFA-UT.

The substitute includes a provision not present in the introduced relating to the authority of the UT board to issue specified bonds to the extent that SFA has authorized but unissued bonding authority.

The substitute includes adjustments to the amounts allocated by the equitable allocation formula and establishes the effective date for those adjusted allocations, whereas the introduced did not provide for those changes under the equitable allocation formula.

Whereas both the introduced and substitute expand the components of the UT system to include SFA-UT, the substitute also clarifies that The University of Texas at Tyler and The University of Texas Rio Grande Valley are components of the UT system. Additionally, the substitute clarifies that the UT system does not include certain entities affiliated with component institutions.