

BILL ANALYSIS

Senate Research Center

S.B. 1055
By: Nichols
Education
6/16/2023
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1055 seeks to move Stephen F. Austin State University (SFA) into The University of Texas System. Last fall, SFA's board of regents asked each university system in the state to present an invitation to the school. The board voted to accept the University of Texas System's invitation. This bill dissolves SFA as a stand alone university and recreates it within the UT System. SFA will retain its name and will be known as Stephen F. Austin State University, a member of The University of Texas System. This bill allows for flexibility during the transition period, giving discretion to the UT System board. All students and most faculty will be entitled to a position at the new SFA. SFA and the UT System have worked collaboratively on this legislation. There is no known opposition.

The committee substitute makes additional technical changes to ensure that employee benefits transfer appropriately and other conforming changes. It also redistributes SFA's HEF funding to other HEF schools appropriately. This bill and the committee substitute are agreed-to language between SFA and the UT System.

S.B. 1055 amends current law relating to the creation of a new university in Nacogdoches, Texas, within The University of Texas System and the allocation of the annual constitutional appropriation to certain agencies and institutions of higher education and abolishes Stephen F. Austin State University.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of regents of The University of Texas System in SECTION 1 (Section 80.05, Education Code) of this bill.

Rulemaking authority previously granted to the board of regents of Stephen F. Austin State University is rescinded in SECTION 2 (Section 101.15, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. AMENDMENT TO EDUCATION CODE. Amends Subtitle C, Title 3, Education Code, by adding Chapter 80, as follows:

CHAPTER 80. STEPHEN F. AUSTIN STATE UNIVERSITY, A MEMBER OF THE UNIVERSITY OF TEXAS SYSTEM

Sec. 80.01. DEFINITIONS. Defines "board" and "university."

Sec. 80.02. REFERENCE TO STEPHEN F. AUSTIN STATE UNIVERSITY. Provides that a reference in law to Stephen F. Austin State University means Stephen F. Austin State University, a member of The University of Texas System (university).

Sec. 80.03. ESTABLISHMENT; SCOPE. (a) Provides that the university is a general academic teaching institution in Nacogdoches, Texas, under the governance, management, and control of the board of regents of The University of Texas System (board).

(b) Requires the board to provide for the organization, administration, and location of the university and of the colleges, schools, and other institutions and entities of the university as necessary to achieve the maximum operating efficiency of the university.

(c) Provides that the authority of the board under this section to achieve the maximum operating efficiency of the university and to provide for the organization, administration, and location of the university and of the colleges, schools, and other institutions and entities of the university prevails over other law.

Sec. 80.04. COURSES AND DEGREES. (a) Authorizes the 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.

(b) Requires the board to award degrees in the name of the university.

(c) Prohibits a degree program from being instituted without prior approval of the Texas Higher Education Coordinating Board, except that the university is authorized to offer any degree program previously approved for Stephen F. Austin State University (SFA) or expressly authorized by this chapter or other law.

Sec. 80.05. UNIVERSITY OF THE FIRST CLASS. Requires the board to make any other rules and regulations for the operation, control, and management of the university as may be necessary for the conduct of the university as a university of the first class.

Sec. 80.06. FACILITIES. Requires the board to provide for adequate physical facilities for use by the university.

Sec. 80.07. GIFTS AND GRANTS. Authorizes the board to solicit, accept, and administer, on terms and conditions acceptable to the board, gifts, grants, or donations of any kind and from any source for use by the university.

Sec. 80.08. JOINT APPOINTMENTS. Authorizes the board to make joint faculty appointments to positions in the university and to positions in other institutions under the governance of the board.

Sec. 80.09. PARTICIPATION IN PERMANENT UNIVERSITY FUND. Provides that the legislature finds that the university is an institution of higher education "created at a later date" for purposes of Section 18(c) (relating to authorizing the legislature to create institutions of higher education that are entitled to participate in certain funding), Article VII (Education), Texas Constitution. Entitles the university to participate in the funding provided by Section 18 (Funding to Support Texas A&M University System and University of Texas System; Available University Fund), Article VII, Texas Constitution, to the same extent as similar component institutions of The University of Texas System (system).

SECTION 2. STEPHEN F. AUSTIN STATE UNIVERSITY ABOLISHED. (a) Provides that SFA is abolished on September 1, 2023, or on an alternate date the board determines appropriate to achieve the maximum operating efficiency of the system. Requires that the designated date be entered into the minutes of the board.

(b) Requires the board to provide to the secretary of state written notice of its action under Subsection (a) of this section. Provides that Chapter 101 (Stephen F. Austin State University), Education Code, is repealed effective on the date the board designates for the abolition of SFA.

(c) Prohibits the board from acting under Subsection (a) of this section to abolish SFA earlier than the date on which the university begins operation.

(d) Requires the board of regents of SFA to take all actions necessary to facilitate the operation of the university and the orderly winding up of the affairs of SFA. Authorizes the board of regents of SFA to transfer management and control of SFA to the board for that purpose.

(e) Provides that the terms of office of members of the board of regents of SFA expire on the date SFA is abolished as provided by this Act.

SECTION 3. UNIVERSITY CREATED; TRANSITION PROVISIONS. (a) Provides that the university is created within the system. Requires the board to establish the university as a general academic teaching institution offering the degrees authorized by Chapter 80, Education Code, as added by this Act, as provided by that chapter.

(b) Requires the university to begin operating on a date the board determines appropriate to achieve the maximum operating efficiency of the system. Requires that the designated date be entered into the minutes of the board.

(c) Requires the board, in recognition of the abolition of SFA as authorized by this Act, to facilitate the employment at the university of as many faculty and staff of the abolished university as is prudent and practical, subject to the following:

(1) a person who is tenured faculty of SFA on the date of SFA's abolition is entitled to tenure at the university; and

(2) a person who is in a tenure-track teaching position at SFA on the date of SFA's abolition is entitled to a tenure-track position at the university and is required to be considered for tenure on the same schedule governing the position at SFA.

(d) Provides that a student admitted to or enrolled at SFA on the date of abolition is entitled to admission to the university and requires the board to take actions necessary to facilitate that admission and the appropriate transfer of credits.

(e) Provides that on the date SFA is abolished as provided by this Act, all money, property, and facilities under the management and control of the board of regents of SFA are transferred to the management and control of the board for the use and benefit of the university.

(f) Provides that on the date SFA is abolished as provided by this Act, the board is substituted in contracts and other obligations for the board of regents of SFA. Provides that contracts and written obligations of every kind and character entered into by the board of regents of SFA or the Texas Public Finance Authority for and on behalf of SFA, including bonds, are considered ratified, confirmed, and validated by the board. Provides that the board is substituted for and stands and acts in the place of the board of regents of SFA or the Texas Public Finance Authority, as applicable, to the extent permitted by law in those contracts and written obligations. Authorizes the board to issue bonds in the amount and for the same purposes under the systemwide revenue financing program for the benefit the university, to the extent that SFA has authorized but unissued bonding authority under Section 55.1797 (Stephen F. Austin State University; Additional Bonds), Education Code.

(g) Authorizes the board, for the university, to impose and collect any fee authorized by prior law for SFA, as that law existed at the time SFA was abolished, as determined by the board and subject to the limitations provided by the prior law authorizing the fee. Provides 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.

(h) Provides that a person who is a participant or is eligible to participate in a group benefits insurance program of SFA under Chapter 1551 (Texas Employees Group

Benefits Act), Insurance Code, or who would be eligible to participate at a future date as a retiree, on the date SFA is abolished, as authorized by this Act, is eligible to participate as an employee, current retiree, or vested former employee of the university, or as a dependent or surviving dependent, as if all benefits-eligible credit service had been earned in a benefits-eligible position at the university. Provides that a person eligible under this subsection for the uniform insurance benefits under Chapter 1601 (Uniform Insurance Benefits Act for Employees of The University of Texas System and The Texas A&M University System), Insurance Code, is not eligible to participate in a group benefits insurance program under Chapter 1551, Insurance Code.

(i) Requires the Employees Retirement System of Texas (ERS), SFA, and the system to take all actions necessary to implement Subsection (h). Provides that for that purpose:

(1) ERS is required to provide to the system the information, including protected health information to the extent authorized by law, necessary for payment activities and plan operations, including health plan operations, of the uniform insurance benefits under Chapter 1601, Insurance Code; and

(2) SFA and the system are required to ensure that ERS receives full contributions for each month in which employees of SFA are covered by the group benefits insurance program under Chapter 1551, Insurance Code.

(j) Provides that an employee of SFA who is participating in the deferred compensation plan under Subchapter C (Deferred Compensation Plans for Employees of State Agencies), Chapter 609, Government Code, on the date SFA is abolished, as authorized by this Act, is considered to have terminated employment on that date for the purposes of the deferred compensation plan.

(k) Requires the board to seek for the university the inclusion of the university initially in the same athletic conferences, and participation in the same National Collegiate Athletic Association division, as SFA immediately before its abolition.

SECTION 4. AMENDMENT. Amends Section 59.06, Education Code, as follows:

Sec. 59.06. **LIMITATION ON APPROPRIATED FUNDS.** Deletes existing text prohibiting funds appropriated by the legislature to SFA from the General Revenue Fund from being used to establish or maintain the fund, to purchase insurance, or to employ private legal counsel.

SECTION 5. AMENDMENT. Amends Section 62.021(a), Education Code, as follows:

(a) Provides that the annual amounts allocated by the funding formula are as follows:

(1) allocates certain amounts to certain component institutions of the University of North Texas System;

(2) allocates certain amounts to certain component institutions of the Texas State University System;

(3) allocates a certain amount to Texas Southern University;

(4) allocates certain amounts to certain component institutions of the Texas Tech University System;

(5) allocates a certain amount to the component institutions of the Texas Woman's University System, allocated as determined by the board of regents of that system;

(6) allocates certain amounts to certain component institutions of the University of Houston System;

(7) allocates certain amounts to certain component institutions of the Texas A&M University System; and

(8) allocates a certain amount to the Texas State Technical College System Administration and certain component campuses but not its extension centers or programs.

Deletes existing text providing that the annual amount allocated by the formula to SFA is \$11,277,793.

SECTION 6. AMENDMENT. Amends Section 65.02(a) Education Code, as follows:

(a) Provides that The University of Texas System is composed of certain institutions and entities, including the university, the University of Texas at Tyler, and the University of Texas Rio Grande Valley. Deletes existing text listing component campuses.

SECTION 7. EFFECTIVE DATE: (a) Effective date, except as otherwise provided by this section: upon passage contingent upon a vote of two-thirds of all the members elected to each house.

(b) Effective date, Section 62.021(a), Education Code, as amended by this Act: September 1, 2023.