

BILL ANALYSIS

S.B. 1055
By: Nichols
Higher Education
Committee Report (Unamended)

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. S.B. 1055 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

S.B. 1055 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.

S.B. 1055 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

S.B. 1055 establishes the following:

- SFA is abolished on September 1, 2023, or on an alternate 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.

A 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.

S.B. 1055 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

S.B. 1055 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.

S.B. 1055, 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

S.B. 1055 sets out a general requirement for the SFA board to take all actions 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

S.B. 1055 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.

S.B. 1055 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

S.B. 1055 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.

S.B. 1055 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

S.B. 1055 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 UT 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 on the date SFA is abolished of certain SFA employees who participate, are eligible to participate, or would be eligible to participate at a future date in a group benefits insurance program of SFA under the Texas Employees Group Benefits Act to participate as an applicable employee or retiree of SFA-UT, or as a dependent or surviving dependent, as if all benefits-eligible service credit had been earned in a benefits-eligible position at SFA-UT; 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.

The bill requires the Employees Retirement System of Texas (ERS), SFA, and the UT system to take all actions necessary to implement the bill's provisions relating to the transition of benefits insurance program eligibility. The bill, for that purpose, requires ERS to provide to the UT system the information necessary for payment activities and plan operations of the uniform insurance benefits and requires SFA and the UT system to ensure that ERS receives full contributions for each month in which SFA employees are covered by the group benefits insurance program. The bill establishes that an SFA employee who is participating in a deferred compensation plan on the date SFA is abolished is considered to have terminated employment on that date for purposes of that plan.

UT System Component Institutions and Entities

S.B. 1055 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

S.B. 1055 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.