

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 5, 2023

TO: Honorable John Kuempel, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2639 by Clardy (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; abolishing Stephen F. Austin State University.),
Committee Report 1st House, Substituted

The fiscal implications of the bill cannot be determined due to the unavailability of data related to the number of persons in the Group Benefits Program administered by the Employee Retirement System at Stephen F. Austin University whose insurance would be affected by the provisions of the bill.

The bill would abolish Stephen F. Austin University, which is currently an independent institution, and create a new university under The University of Texas System. Under current law Stephen F. Austin is eligible to receive distributions from the Higher Education Fund (HEF), which is funded with General Revenue. Effective September 1, 2023, the bill would reallocate the HEF funds that Stephen F. Austin was eligible to receive to the other HEF-eligible institutions. The new university would be entitled to participate in the Permanent University Fund.

Under provisions of the bill, a participant in a group benefits program of Stephen F. Austin State University under Chapter 1551, Insurance Code, or who would be eligible to participate in that program at a future date as a retiree, is eligible to participate in the uniform benefits insurance program at The University of Texas System under Chapter 1601, Insurance Code, as an employee, current retiree, or vested former employee, or as a dependent or surviving dependent, as if all benefits-eligible service credit has been earned. The bill would require the Employees Retirement System (ERS) to transfer an actuarially determined lump sum to the University of Texas System for participants who were in the Group Benefits Program (GBP) administered by ERS in order to preserve existing equities within the respective insurance programs. According to ERS, the amount of that lump sum could be significant but cannot be determined because the number of participants in the GBP at Stephen F. Austin is unknown.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 720 The University of Texas System Administration

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