

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 20, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1055 by Nichols (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.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

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. Stephen F. Austin University is abolished on September 1, 2023, or an alternate date selected by the University of Texas System Board of Regents to achieve maximum operating efficiency.

Under current law Stephen F. Austin is eligible to receive distributions from the Higher Education Fund (HEF), which is funded with General Revenue. 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 person who is a participant or is eligible to participate in a group benefits program of Stephen F. Austin State University under Chapter 1551, Insurance Code, or who would be eligible to participate at a future date as a retiree, on the date Stephen F. Austin University is abolished, is eligible to participate 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. Under the provisions of the bill, a person who is eligible for the uniform insurance benefits under Chapter 1601, Insurance Code, is not eligible to participate in a group benefits insurance program under Chapter 1551, Insurance Code. The bill requires that Stephen F. Austin State University and The University of Texas System ensure that the Employee Retirement System of Texas receives full contributions for each month in which employees of Stephen F. Austin State University are covered by the group benefits insurance program under Chapter 1551, Insurance Code.

Under the provisions of the bill, an employee of Stephen F. Austin State University who is participating in the deferred compensation plan under Subchapter C, Chapter 609, Government Code, on the date the university is abolished, is considered to have terminated employment on that date for the purpose of the deferred compensation plan.

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, 755 Stephen F. Austin State University, 781 Higher Education Coordinating Board

LBB Staff: JMc, MOc, GO, JSM, NV, CFl, JPO, LLO