The University of Texas System
Responses to Questions Posed
Stephen F. Austin State University
November 21, 2022

Forestry

McIntire Stennis program - UT believes it is critical to continue this program and will financially backstop the program so that it stays at $500,000 and will prioritize this program in the budget so that it reaches a$1M funding level in the future.

Forestry Facilities

A. *Forestry Lab and Agriculture Technology Shop*

The Chancellor and Chairman toured this facility and believe this must be a priority. We would use UTS funding to replace this building. The current estimate for replacement of the facility is approximately $15 million and will be refined through the planning and design process.

B. *Forestry Building*

This building needs major renovation or replacement. The $42 million of CCAP funding must go to this project. Further, another $15 to $20 million of PUF debt should be added to this project.

QUESTIONS ON INDIVIDUAL LINE ITEMS:

HEF Debt Service: How does SFA pay debt service? - UT System (UTS) will work with SFA to refinance outstanding debt to lower the cost of existing debt service through the UTS Revenue Financing System. While the Texas Constitution prohibits the use of PUF to refinance non-PUF debt, we believe that the documented cost savings and Direct Campus Support will be more than enough to offset this obligation. Additionally, becoming PUF eligible will allow PUF debt to be issued for future projects and reduce SFA's reliance on RFS debt.

HEF Library Materials: Assuming part of LERR? – LERR, which is a program utilizing PUF bond proceeds, can be used to secure library materials that meet the requirements in the LERR Expenditure Guidelines. It is believed that LERR could largely replace this HEF use. It is important to note that annual license subscriptions are not LERR eligible. Multi-year license subscriptions can be eligible if the payment is not annual. The Guidelines state:

> *The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.*

> *The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction, and other like costs required to put these assets in place, except for library salaries.*

Note also that the UT System Digital Library and Academic Library Collection Enhancement Program (ALCEP) are maintained on behalf of UT System by UT Austin and are available to all institutions by sharing access to essential resources (additional explanation is below in the Library Savings/Digital Library question response). Resources are available online or through interlibrary lending to every UT student, faculty, and researcher. Each UT institution has equal access to resources that distinguish its flagship, the research and academic strengths of institutions, and preeminent health science centers. By negotiating purchases for the whole UT System, significant benefits are secured. ALCEP purchases and local institution purchases are discounted together with similar publishers.

HEF IT Services: IT cloud services - not all transfer to system - how does SFA pay? –By Transition to existing UT data resources such as the Arlington Regional Data Center may make existing SFA cloud services unnecessary. Additionally systemwide software provided through the cloud is currently handled by UTS. UT academic institutions are able to benefit from these systemwide software agreements and currently are not allocated any of the costs. If SFA determines it needs to retain certain specific IT cloud services that cannot be provided through the UTS, SFA could use the documented cost savings to cover these costs. Certain IT-related capital costs, such as campus computer refreshes, qualify as eligible capital costs and can be funded through PUF/LERR.

PUF: Can this be used for capital, including IT cloud services like HEF, and buildings? - Article VII, Section 18 (b) of the Texas Constitution authorizes the U. T. System Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Permanent University Fund for the purpose of:

• acquiring land, with or without permanent improvements;

• constructing and equipping buildings or other permanent improvements;

• major repair and rehabilitation of buildings and other permanent improvements;

• acquiring capital equipment; and

• acquiring library books and library materials.

Article VII, Section 18 (d) of the Texas Constitution prohibits the use of PUF bond proceeds for student housing, intercollegiate athletics, or auxiliary enterprises. To the extent IT cloud services are operating expenses, PUF cannot be used to pay for them.

Direct Campus Support: What items are included (paraphrased)? - Direct Campus Support includes AUF support for expenses that institutions would otherwise incur, but which UTS can pay on their behalf because the functions support the UTS statutory mission of oversight and coordination of the System. For SFA, these specifically include risk insurance premiums (property, workers comp, cyber, auto, etc.), systemwide software licenses such as Oracle and Microsoft, digital library materials and potentially Planon software for GASB 87 and GASB 96 reporting, PaymentWorks for accounts payable, and a copyright clearance center license.

Other UT academic institutions benefit from participation in the UT Share Peoplesoft ERP with cost covered entirely by the UTS through Direct Campus Support.

Student Mental Health: Can we quantify $ of System Services – Over the past 11 years, the U. T. System Board of Regents has funded four separate allocations for mental health, student safety, and alcohol-related initiatives. These allocations and the programs created have been led and managed by U. T. Austin, which has leveraged on-campus expertise, developed and evaluated programs, and taken what has been learned and provided it to the entire U. T. System. We estimate the annual financial benefit to SFA is approximately $250,000. The list below includes descriptions of the five activities that were funded most recently by the UT Board of Regents in June 2022:

(1) ***Mental Health Crisis Line (Funding Request: $900,000 over five years****)* *This initiative provides crisis assessment, stabilization, intervention, and referral services to students experiencing mental health crises customized for each academic and health institution. The 24/7 crisis support is advantageous to students because these services are available when on-campus counseling centers are typically closed and the line is also available to students who travel abroad, have internships, or are away from the university for any reason. The crisis line also satisfies the Southern Association of Colleges and Schools accreditation standard to provide services to distance learners.*

(2) ***Expanding Clinical Mental Health Services to Students Via Telehealth Support (Funding Request: $10,000,000 over five years)*** *One of the greatest challenges that counseling centers face is expanding clinical resources and successfully referring students to off-campus mental health providers. A handful of U. T. institutions have independently piloted contracts with vendors who augment campus accessibility to clinical services beyond that which their counseling centers can provide by utilizing networks of providers via telehealth. By working hand-in-hand with counseling center clinicians, the vendors offer 24/7 services to students via chat or phone, ongoing clinical appointments with the same clinician via phone or video, and clinical availability in over 150 countries and in multiple languages.*

(3) ***Web-based Alcohol Education and Sexual Assault & Harassment Prevention for Students; Harassment, Safety, and Other Training for Faculty/Staff (Funding Request: $2,250,000 over five years)*** *The current vendor for this initiative provides web-based alcohol and sexual assault prevention education, among other courses, designed specifically for college students. The alcohol course is proven to reduce dangerous alcohol use and alcohol-related harm and increase the use of protective factors. The sexual assault prevention courses are Title IX compliant, fulfill educational requirements found in the Violence Against Women Act, and satisfy NCAA requirements for sexual assault training.*

(4) ***Faculty and Staff Training (Funding Request: $1,500,000 over five years)*** *Funding for this initiative would include two training elements: (1) programs from vendors such as scenario-based online training for recognizing and responding to students who are exhibiting concerning behavior or are in distress and (2) an in-person suicide prevention training program whereby U. T. institutions would draw from the expertise of leaders within the U. T. System to create a systemwide suicide prevention training*

program based on the successful U. T. System Bystander Intervention initiatives that are now on each campus.

(5) ***Thrive at UT Mobile App (Funding Request: $150,000 over five years)*** *The smartphone app Thrive at UT was designed by the Counseling and Mental Health Center at U. T. Austin. Thrive consists of engaging videos, guided exercises, and interactive assignments designed to help students integrate newly acquired behaviors and concepts into their daily lives. The app teaches users core skills related to specific dimensions of emotional intelligence, mental health, and well-being, while using the messaging feature of their mobile phones to remind them to practice and integrate the concepts.*

In addition, the Board funded an evaluation of the five initiatives ($250,000) and leadership, consultative, and administrative support to be provided by U. T. Austin ($1,450,000).

Audit/GC/Board: Confirm – no assessment for services. Any other services like I/R, Safety, etc.? - UTS does not charge for internal audit services, general counsel or Board Office activities.

Additionally, UTS provides support through all its administrative offices at no charge to institutions. In evaluating savings, it would be reasonable to expect a minimum of a 5 to 10% cost reduction in all SFA business functions due to the capacity/support provided by UTS.

Library Savings- digital library: Is this included in LERR – No, this is separate from and in addition to LERR. UTS contributes funding to the shared digital library on behalf of the various academic institutions other than Austin. The funds contributed for each campus are directed by the campus. In addition, UTS contributes $5 million of LERR through the Academic Library Collection Enhancement Program (ALCEP) (this is outside of allocations to specific campuses). The information below was provided by the UT System Digital Library.

The University of Texas System Digital Library (UTSDL) consortia comprises the libraries of the 8 academic and 5 health institutions of the University of Texas System. We complement the collection strengths of our UT institution libraries with online scholarly resources, expanding their support of local services and programs. UTSDL provides access to resources ranging from humanities ebooks to medical research journals by:

- *Leveraging group purchasing power.*
- *Serving resource needs at the institution level.*
- *Negotiating and licensing.*
- *Managing licensed resources and business models.*

We work collaboratively to manage these resources with the UT Institution libraries, and the UT System Advisory Committee on Library Affairs. In doing so, UTSDL advances the learning, teaching, and research capability of every UT student, faculty, and staff.

ALCEP is a special fund granted us by the UT Board of Regents. Using a balloting process, these funds purchase scholarly resources for the UT System. In general, ALCEP purchases online content that can be purchased with one-time money, realize substantial savings *through a collective purchase, and build upon existing UTSDL subscriptions and past purchases. All UT institutions gain perpetual access rights to this content.*

OTHER QUESTIONS:

1. Assuming SFA wishes to have all retirees in UT health insurance program, how is retiree insurance handled for non-E&G positions (auxiliary, athletics, etc)? For the E&G positions, is the retiree insurance from HEGI handled by UTS or SFA?

UT System institutions receive HEGI appropriations for retirees and provide the related census data in LAR Schedule 3-B. This differs somewhat from the ERS institution process whereby retiree data is provided by ERS.

Each month the State Comptroller distributes 1/12th of the HEGI appropriation for all UT institutions to UT System (UTS) through USAS. This occurs on approximately the 15th of the month. UTS then turns around and distributes that to each UT institution a few days later.

Regarding the split of retiree cost between E&G and institutional funds, UTS institutions comply with the provisions of APS 11 Benefits Proportional by Method of Finance such that non-E&G funds bear an appropriate share of the cost:

> ***Retiree Group Insurance (Agencies and Institutions):*** *The benefits proportionality concept also applies to retiree group insurance. Employees may have worked for multiple employers and may have been paid from various sources throughout their careers. The equitable way to allocate the retiree insurance cost is to base it on an agency or institution's APS 011 proportionality calculation and not simply on the last fund from which a retiring employee was paid.*

We are happy to discuss with you a methodology that we employ at UT System Administration to accomplish this.

UTS does provide a retiree benefits billing service at no cost to the institutions to collect from retirees, which relieves institutions of this task.

2. On page 5 of the September invitation document for Question 4 - What resources would your system commit to SFA that other systems might be unable or unwilling to commit, UTS includes an estimated cost savings/avoidance of $6 million ($3 million one-time). How does this amount relate to the savings documented above?

It is expected that SFA would realize savings from aggressive pricing realized through UTS systemwide contracts and leveraging the scale of the UTS through group purchasing. Cost savings will also be achieved through better rates on banking, elimination of financial services and advisors, and improved interest rates on future debt issuances given the UTS bond rating. SFA can immediately begin utilizing the Arlington Regional Data Center (which is paid for by UTS) as a shared data center that will reduce cloud computing reliance and cost. And finally, SFA would realize significant administrative savings by virtue of joining the UT System (see response to prior question). Significant additional savings would be achieved if, and when SFA chooses to participate in the UT Share Peoplesoft ERP shared service. This is not included in the documented savings in the spreadsheet as it is dependent on an SFA decision to participate.

3. Can LERR be used for other than Library?

Yes. Institutions evaluate projects and submit to UTS for approval through an annual review process.

LERR stands for Library, Equipment, Repair and Rehabilitation and is intended by UT System to assist with the following constitutional uses:

- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

4. For debt service, are PUF bonds restricted to E&G? Also, in the September invitation document, UTS says they will work with SFA to refinance its $200 million of outstanding debt. Assuming debt is refinanced and debt obligations move to the UTS financial statement, it sounds like SFA will transfer debt service to UTS for payment; however, SFA will no longer handle debt compliance.

The use of PUF bond proceeds is restricted to non-auxiliary activities as provided in Article VII, Sec. 18(d) of the Texas Constitution (see response to Question 3).

Yes, the UTS will work with SFA to refinance SFA's outstanding debt. Of SFA's $200 million of outstanding debt, approximately $125 million is callable. The remainder of SFA's outstanding debt is noncallable. For $30.7 million of SFA's outstanding debt, the first call date is 10/15/2026 with the largest amount of SFA's outstanding debt ($81.0 million) becoming callable on 10/15/2028. UTS staff would analyze market interest rates as we approach the respective call dates to determine whichof SFA's outstanding debt could be refunded economically.

Tuition Revenue Bonds/CCAP Bonds are issued through UT's Revenue Financing System. At the beginning of each year, TRB/CCAP appropriations are transferred by institutions to UTS. UTS then handles the payment of those bonds and coordinates debt service reimbursement.

For other institutional debt that is financed through our Revenue Financing System/Internal Lending Program, UTS periodically notifies the institution of the debt service amount to transfer to us. These transfers are recorded as mandatory transfers on the institutions' financial statements rather than as debt service. UTS staff coordinates transferring debt service payments to the respective bond paying agents.

Debt compliance would largely be handled by UTS although there is ongoing collaboration with institutional staff to make sure that 1) projects financed with tax-exempt debt continue to comply with restrictions involving the use of tax-exempt debt; 2) that bond proceeds are only used to finance eligible capital expenditures; and 3) all required SEC disclosures are made timely.

5. In the September invitation document and the October document, UTS mentions assisting with faculty salary gap (estimate $5.5 million) and staff salaries. What type of assistance is envisioned?

UTS will commit $5.5 million of its own resources each year for four years ($22 million total) in additional support to SFA. This support may be used for faculty salaries as UTS and SFA collaboratively work through the budget to capture savings and align resources.