

**TEXAS STATE TECHNICAL COLLEGE
Board of Regents Special Meeting
Texas State Technical College Waco
3801 Campus Drive
Col. James T. Connally Aerospace Center
Board Room
Waco, Texas
Wednesday, August 12, 2015
1:30 p.m.**

AGENDA

- I. Meeting Called to Order
- II. Determination of Quorum
- III. Chancellor's Comments
- IV. Budget Overview and Discussion
- V. Minute Order

Proposed MO#

[28-15\(c\) Operating Budget for Fiscal Year 2016](#)

[29-15\(c\) Allocation of Higher Education Assistance Funds for Fiscal Year 2016](#)

[30-15\(c\) Appropriation Transfers for Fiscal Year 2016](#)
- VI. Chancellor's Comments
- VII. Board Comments
- VIII. Adjourn



Board Meeting Date: August 12, 2015

Proposed Minute Order #: 28-15(c)

Proposed By: Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Operating Budget for Fiscal Year 2016

Background: On June 11, 2015, Texas State Technical College (TSTC) received single accreditation approval from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Consequently, the Operating Budget for Fiscal Year 2016 represents the College's first single, statewide college budget (and budget process). The statewide approach to the annual budget process began in Fall 2014 with the development of TSTC's statewide strategic plan. Subsequently, budget requests and budget decisions were made and vetted through statewide functional hierarchy versus the historical geographic hierarchy (i.e., four independent colleges). In addition, the process for deploying funds in the Fiscal Year 2016 budget addresses statewide strategic priorities and projects, rather than following the allocation and local prioritization process in prior years.

Budgeted revenues increased for the Fiscal Year 2016 budget over the prior year related to higher levels of expected state and designated tuition revenues, state appropriations (including increases in both general revenue and transition funding), and revenues (grant awards) from sponsored programs. Revenues increases are expected to be offset by budgeted decreases in designated and other revenues stemming from more conservative methods for budgeting these revenue categories for the Fiscal Year 2016.

Budgeted expenses were set at \$189,460,207, the same level of budgeted revenues. The increase in budgeted expenditures for Fiscal Year 2016 relates to increased spending on teaching and learning, marketing, and expanding capacity. These increases were offset by deferred renovation expenses as well as reductions/reclassification of personnel costs made in connection with TSTC's functional restructuring and consolidation.

Justification: The proposed budgets for Educational and General (E&G) funds are in balance with legislative appropriations, projected tuition, and other appropriated income. The proposed budgets for Designated, Auxiliary, Agency, and Plant Funds are based on estimates that are supported by anticipated and historical activities. The proposed budgets for Restricted Funds are limited to those funds available from existing grants and contracts. Historically, these budgets increase during the year as new agreements are approved; these increases often result in additional FTE.

Additional Information: Total budgeted FTEs from all fund sources for Fiscal Year 2016 are 1,670, compared to 1,690 in Fiscal Year 2015.

Fiscal Implications: Authorizes TSTC budgets for Fiscal Year 2016

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): TSTC Operating Budget FY 16 - Revenues
TSTC Operating Budget FY 16 – Expenditures by Fund
TSTC Operating Budget FY 16 – Expenditures by Function

Recommended Minute Order: “The Board of Regents approves the Texas State Technical College Operating Budget for Fiscal Year 2016, covering the period from September 1, 2015, through August 31, 2016.”

Recommended By:



Jonathan A. Hookstra, Vice Chancellor & Chief Financial Officer

TSTC Operating Budget FY 16 - Revenues

| Fund | ABI | BRK | BRW | CAadm | EWC | FBC | HAR | MAR | NTX | SWT | WAC | Grand .. |
|------------------------------|------------------|----------------|----------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|
| E&G | 1,319,657 | 344,823 | 752,288 | 6,294,199 | 2,274,965 | 1,646,956 | 29,930,169 | 7,015,966 | 2,879,658 | 12,602,003 | 38,133,431 | 103,194,116 |
| Designated/ Local | 554,483 | 50,977 | 220,792 | 3,633,157 | 208,795 | 70,796 | 7,155,371 | 1,615,880 | 73,359 | 979,865 | 10,497,395 | 25,060,870 |
| Auxiliary | | | | | | | 2,584,957 | 627,435 | | 1,433,302 | 7,012,021 | 11,657,715 |
| Restricted | | | | 160,490 | | | 19,327,941 | 1,912,664 | | 3,422,945 | 12,788,382 | 37,612,421 |
| Plant | | | | 207,207 | 1,444,598 | 0 | 3,611,786 | 492,853 | 0 | 848,068 | 5,330,572 | 11,935,084 |
| Grand Total | 1,874,140 | 395,800 | 973,081 | 10,295,053 | 3,928,357 | 1,717,753 | 62,610,224 | 11,664,798 | 2,953,017 | 19,286,183 | 73,761,801 | 189,460,207 |

TSTC Operating Budget FY 16 - Expenditures by Fund

| Fund | Salaries | Operating | Travel | Capital | Benefits | Grand Total |
|------------------------------|-------------------|-------------------|------------------|------------------|-------------------|--------------------|
| E&G | 66,523,850 | 16,771,827 | 185,569 | 837,934 | 18,874,936 | 103,194,116 |
| Designated/ Local | 5,154,883 | 16,920,631 | 974,974 | 937,928 | 1,072,454 | 25,060,870 |
| Auxiliary | 2,812,349 | 7,453,727 | 42,450 | 1,070,832 | 278,357 | 11,657,715 |
| Plant | | 7,402,175 | | 4,532,909 | | 11,935,084 |
| Restricted | 2,412,859 | 34,134,809 | 90,566 | 809,663 | 164,524 | 37,612,421 |
| Grand Total | 76,903,941 | 82,683,170 | 1,293,559 | 8,189,266 | 20,390,271 | 189,460,207 |

TSTC Operating Budget FY 16 - Expenditures by Function

| Function | Salaries | Operating | Travel | Capital | Benefits | Grand Total |
|-------------------------------|-------------------|-------------------|------------------|------------------|-------------------|--------------------|
| Operations | 51,031,907 | 48,705,164 | 668,327 | 1,734,458 | 870,402 | 103,010,258 |
| Finance | 11,408,539 | 23,970,992 | 151,990 | 5,914,762 | 19,192,393 | 60,638,676 |
| Marketing | 4,521,780 | 3,639,158 | 170,393 | 456,175 | 119,353 | 8,906,859 |
| Information Technology | 3,377,808 | 4,312,683 | 61,700 | 37,500 | 21,800 | 7,811,491 |
| Culture | 3,209,171 | 918,685 | 122,949 | 36,372 | 17,200 | 4,304,377 |
| Office of the CEO | 1,649,312 | 474,590 | 80,300 | 10,000 | 96,800 | 2,311,002 |
| Business Intelligence | 1,281,200 | 175,340 | | | 1,800 | 1,458,340 |
| Policy | 424,224 | 486,558 | 37,900 | | 70,523 | 1,019,205 |
| Grand Total | 76,903,941 | 82,683,170 | 1,293,559 | 8,189,266 | 20,390,271 | 189,460,207 |



Board Meeting Date: August 12, 2015

Proposed Minute Order #: 29-15(c)

Proposed By: Jonathan A. Hoekstra, Vice Chancellor and Chief Financial Officer

Subject: Allocation of Higher Education Assistance Funds for Fiscal Year 2016

Background: The Texas State Technical College System was included in the Higher Education Assistance Fund (HEAF) through a change in the Texas Constitution in 1995. The 84th Texas Legislature appropriated \$5,775,000 of HEAF funds for each year of the current biennium to the TSTC System. These funds may be used primarily for the purchase of capital equipment, construction and renovation of instructional and administrative buildings, and retirement of debt service. Up to 50 percent of the allocation may be pledged for debt service.

HEAF may be used to fund projects at TSTC locations that are designated by the state as a campus. The Fort Bend County and North Texas locations were designated by the the 84th Legislature as campuses. The fiscal year 2016 amount allocated to System Administration relates to (1) a statewide project that replaces and modernizes telecommunications infrastructure across TSTC’s statewide campuses and (2) a renovation of a Waco campus facility for administrative purposes.

Justification: The recommended HEAF allocations for Fiscal Year 2016 are based on project prioritization. The following table provides a comparison of the FY 2016 recommended allocation with the FY 2015 allocation:

| | <u>FY 2016 Allocation</u> | <u>FY 2015 Allocation</u> |
|-----------------------|---------------------------|---------------------------|
| System Administration | \$207,207 | \$0 |
| Fort Bend County | 3,800 | 0 |
| Harlingen | 1,942,291 | 2,031,522 |
| Marshall | 472,683 | 487,369 |
| North Texas | 209,177 | 0 |
| Waco | 2,161,798 | 2,462,129 |
| West Texas | <u>778,044</u> | <u>793,980</u> |
| Totals | \$ 5,775,000 | \$ 5,775,000 |

Additional Information: None

Fiscal Implications: Funds available as appropriated

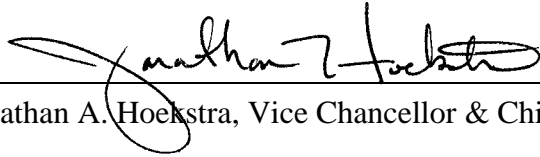
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): TSTC FY 16 – HEAF Appropriation Allocation

Recommended Minute Order: “The Board of Regents approves the allocation of Higher Education Assistance Funds for Fiscal Year 2016 in the following manner:

| | |
|--------------------|--------------|
| TSTC Central Admin | \$ 207,207 |
| TSTC Fort Bend | \$ 3,800 |
| TSTC Harlingen | \$ 1,942,291 |
| TSTC Marshall | \$ 472,683 |
| TSTC North Texas | \$ 209,177 |
| TSTC Waco | \$ 2,161,798 |
| TSTC Sweetwater | \$ 778,044.” |

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

TSTC FY 16 - HEAF Appropriation Allocation

| Fund | Object Category .. | Object Category | Description of Revenue / Expense | CAadm | FBC | HAR | MAR | NTX | SWT | WAC | Grand Total |
|----------------|--------------------|-----------------------|--|-------------|-------|-----------|-----------|---------|-----------|-----------|--------------------|
| E&G | HEAF | HEAF Appropriations | Total HEAF Appropriation | 5,775,000 | | | | | | | 5,775,000 |
| | | Transfers-HEAF | HEAF to pay D/S for 2009 Local Rev Bond | | | (457,770) | (184,634) | | (381,475) | (755,520) | (1,779,399) |
| | | | HEAF to pay D/S for 2011A Local Rev Bond | | | (358,788) | | | | | (358,788) |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Chiller (1/2 Yr D/S) | | | (559,784) | | | | | (559,784) |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Communication Project & Admin Renov (1/2 Year D/S) | (207,207) | | | | | | | (207,207) |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - HVAC (1/2 Yr DS) | | | (29,139) | (47,122) | | (14,246) | (29,139) | (119,646) |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Renov (1/2 Yr DS) | | | (97,129) | | | (78,674) | (97,129) | (272,932) |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Water Line Project (1/2 Yr DS) | | | | | | | (563,345) | (563,345) |
| | | | HEAF to pay for Emergency Allowance | | | (266,667) | (133,333) | | (133,333) | (266,667) | (800,000) |
| | | | HEAF to pay for Lineman Renovation | | | | | | | (95,000) | (95,000) |
| | | Transfers-HEAF Approp | HEAF Transfers of Approp | (5,567,793) | 3,800 | 1,942,291 | 472,683 | 209,177 | 778,044 | 2,161,798 | 0 |
| Plant | HEAF | Transfers-HEAF | HEAF to pay D/S for 2009 Local Rev Bond | | | 457,770 | 184,634 | | 381,475 | 755,520 | 1,779,399 |

TSTC FY 16 - HEAF Appropriation Allocation

| Fund | Object Category .. | Object Category | Description of Revenue / Expense | CAadm | FBC | HAR | MAR | NTX | SWT | WAC | Grand Total |
|--------------------|--------------------|-----------------|--|----------------|--------------|------------------|----------------|----------------|----------------|------------------|------------------|
| Plant | HEAF | Transfers-HEAF | HEAF to pay D/S for 2011A Local Rev Bond | | | 358,788 | | | | | 358,788 |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Chiller (1/2 Yr D/S) | | | 559,784 | | | | | 559,784 |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Communication Project & Admin Renov (1/2 Year D/S) | 207,207 | | | | | | | 207,207 |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - HVAC (1/2 Yr DS) | | | 29,139 | 47,122 | | 14,246 | 29,139 | 119,646 |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Renov (1/2 Yr DS) | | | 97,129 | | | 78,674 | 97,129 | 272,932 |
| | | | HEAF to pay D/S for FY 16 HEAF Bond Issue - Water Line Project (1/2 Yr DS) | | | | | | | 563,345 | 563,345 |
| | | | HEAF to pay for Emergency Allowance | | | 266,667 | 133,333 | | 133,333 | 266,667 | 800,000 |
| | | | HEAF to pay for Lineman Renovation | | | | | | | 95,000 | 95,000 |
| Grand Total | | | | 207,207 | 3,800 | 1,942,291 | 472,683 | 209,177 | 778,044 | 2,161,798 | 5,775,000 |



Board Meeting Date: August 12, 2016

Proposed Minute Order #: 30-15(c)

Proposed By: Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Appropriation Transfers for Fiscal Year 2016

Background: Under the Texas General Appropriations Act, Special Provisions Relating Only to State Agencies of Higher Education, the Board of Regents may approve the transfer of appropriated funds among components of Texas State Technical College (TSTC). Legislative allocation of appropriations funding is determined through a combination of allocation methodology and political processes. Such allocations do not precisely match the operating needs of the college. Consequently, the College proposes the transfer of funds among the components of TSTC to provide funding for strategic initiatives of the institution and to place the funds in the entity from which they will be expended in accordance with the proposed budget.

Specific transfers are made to support Technical Training Partnerships, TSTC in Williamson County, TSTC in North Texas, and TSTC in Fort Bend County.

Justification: Appropriation transfers reconcile the legislative appropriation allocation to the operating needs identified through TSTC’s budget process.

Additional Information: None

Fiscal Implications: Provides funding to accomplish strategic and operating plans as budgeted

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): None

Recommended Minute Order: “The Board of Regents approves the following appropriation transfers for Fiscal Year 2016:

- 1) Reallocation of System Administration Technical Training Partnership Strategy (General Revenue) to a College Instruction and Administration strategy to support development of community college partnerships:
 - To TSTC Waco Instr & Admin \$ 296,133
 - From TSTC System Administration \$ 296,133

- 2) Reallocation of Instruction & Administration, and General Revenue Appropriations to support core administrative functions:

| | | |
|-------------------------------|--------------|--------------|
| To TSTC System Administration | \$ 3,562,816 | |
| To TSTC Harlingen | \$ 1,533,294 | |
| From TSTC Fort Bend | | \$ 2,956,620 |
| From TSTC Waco | | \$ 1,070,552 |
| From TSTC North Texas | | \$ 588,164 |
| From TSTC West Texas | | \$ 421,153 |
| From TSTC Marshall | | \$ 59,621 |

- 3) Reallocation of General Revenue Appropriations, Fort Bend County Strategy, to TSTC Waco in support of the new campus TSTC Fort Bend:

| | | |
|---------------------------------|-------------|-------------|
| To TSTC Waco Instr & Admin. | \$4,500,000 | |
| From TSTC System Administration | | \$4,500,000 |

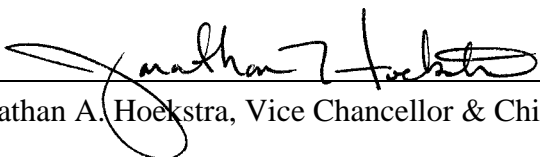
- 4) Reallocation of General Revenue Appropriations, N TX and E Williamson County Strategy, from TSTC System to TSTC Waco in support of TSTC in Williamson County:

| | | |
|---------------------------------|-------------|-------------|
| To TSTC Waco Instr & Admin. | \$1,000,000 | |
| From TSTC System Administration | | \$1,000,000 |

- 5) Reallocation of General Revenue Appropriations, N TX and E Williamson County Strategy, from TSTC System to TSTC Marshall in support of the new campus TSTC North Texas:

| | | |
|---------------------------------|-------------|---------------|
| To TSTC Marshall Instr & Admin. | \$3,000,000 | |
| From TSTC System Administration | | \$3,000,000.” |

Recommended By:



 Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer