

Special Meeting of the Board of Regents Annual Budget

August 9, 2017
Waco, Texas



**TEXAS STATE TECHNICAL COLLEGE
Board of Regents Special Meeting**

**Texas State Technical College Waco
John B. Connally Technology Center
Board Room**

**Wednesday, August 9, 2017
1:00 p.m.**

AGENDA

- I. Meeting Called to Order
- II. Determination of Quorum
- III. Adoption of Agenda
- IV. Strategic Plan Presentation

Reports

- 1. Situational Context (Oral Report)..... Mike Reeser
- 2. Traditional College/Cohort Wages (Oral Report).....Elton Stuckly &
Jeff Kilgore
- 3. Grow & Diversify Revenue Mix (Oral Report).....Jonathan Hoekstra &
Rick Herrera
- 4. Great Place to Work (Oral Report)Ray Rushing &
Gail Lawrence

- V. Budget Overview and Discussion
- VI. Minute Orders

Proposed MO#

- 34-17(c) Operating Budget for Fiscal Year 2018
- 35-17 (c) Appropriation Transfers for Fiscal Year 2018
- 36-17 (c) Allocation of Higher Education Assistance Funds for Fiscal Year 2018

VII. Board Comments

VIII. Adjourn



Board Meeting Date:	August 9, 2017	Proposed Minute Order #:	34-17(c)
Proposed By:	Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer		
Subject:	Operating Budget for Fiscal Year 2018		
Background:	<p>The proposed Fiscal Year 2018 budget supports TSTC’s strategic plan for fiscal years 2018-2021. TSTC estimates an increase in Fiscal Year 2018 revenues related to higher levels of expected state and designated tuition revenues. In addition, after accumulation of operating reserves during Fiscal Years 2016 and 2017, use of carryforward balances is proposed to support certain strategic expenditures during Fiscal Year 2018.</p> <p>Budgeted operating expenses are set at \$198,667,507, the same level of budgeted operating revenues and applied reserve balances. Budgeted capital project expenses are set at \$23,460,000, the same level of capital project reserves to be utilized in Fiscal Year 2018.</p> <p>The increase in budgeted expenditures for Fiscal Year 2018 relates to increased spending on teaching and learning, employee development and compensation, and expanding capacity in revenue generating business lines.</p>		
Justification:	<p>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, 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 FTEs.</p>		
Additional Information:	Total budgeted FTEs from all fund sources for Fiscal Year 2018 total 1,725. Of the total, 99 are vacant positions.		
Fiscal Implications:	Authorizes TSTC budgets for Fiscal Year 2018		
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 18 - Revenues TSTC Operating Budget FY 18 – Expenditures by Fund TSTC Operating Budget FY 18 – Expenditures by Function		
Recommended Minute Order:	“The Board of Regents approves the Texas State Technical College Operating Budget for Fiscal Year 2018, covering the period from September 1, 2017, through August 31, 2018.”		

Recommended By:


Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

TSTC Operating Budget FY 2018 - Revenues and Transfers

Fund	Revenues	Carryforward Balances	Transfers	Total Budgeted Revenues
E & G	94,820,399	11,218,126	(6,987,346)	99,051,179
Auxiliary	12,771,687	135,078	(745,282)	12,161,483
Designated/ Local	54,389,483	(8,992,073)	(8,693)	45,388,717
Plant	4,827,151	23,460,000	7,741,321	36,028,472
Restricted	29,497,656	0	0	29,497,656
Grand Total	196,306,376	25,821,131	0	222,127,507

TSTC Operating Budget FY 2018 - Expenditures by Fund

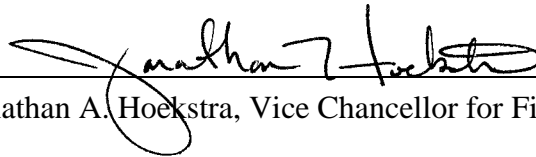
Fund	Salaries & Wage	Operating	Capital	Travel	Benefits	Grand Total
E & G	71,834,765	8,069,195	737,869	15,144	18,394,206	99,051,179
Auxiliary	3,139,052	7,695,524	187,600	38,525	1,100,782	12,161,483
Designated/ Local	7,221,254	32,919,356	1,118,766	1,718,862	2,410,479	45,388,717
Plant		11,751,272	24,277,200			36,028,472
Restricted	1,454,233	27,383,901	619,875	39,647		29,497,656
Grand Total	83,649,304	87,819,248	26,941,310	1,812,178	21,905,467	222,127,507

TSTC Operating Budget FY 2018 - Expenditures by Function

Function	Salaries & Wage	Operating	Capital	Travel	Benefits	Grand Total
Finance	13,695,837	29,370,317	23,134,346	191,065	19,581,750	85,973,315
Integrated Marketing	16,260,006	42,086,715	422,496	697,612	1,236,031	60,702,860
Operations	42,721,673	10,271,075	1,411,878	652,206	474,185	55,531,017
Integration	5,030,956	4,076,046	1,972,590	116,759	68,825	11,265,176
Governance and Regulation	3,220,753	1,403,339	0	93,786	9,120	4,726,998
Office of the CEO	1,569,863	216,006		47,050	159,937	1,992,856
Policy	1,150,216	395,750		13,700	375,619	1,935,285
Grand Total	83,649,304	87,819,248	26,941,310	1,812,178	21,905,467	222,127,507

- 2) Reallocation of the System Administration Technical Training Partnership Strategy to TSTC Waco for E Williamson County Center:
- | | | |
|----------------------------------|-----------|-----------|
| To TSTC Waco (E Williamson Cty.) | \$296,133 | |
| From TSTC System Administration | | \$296,133 |
- 3) Reallocation of Instruction & Administration, and General Revenue Appropriations to support operations:
- | | | |
|---------------------------------|-------------|--------------|
| To TSTC System Administration | \$1,199,053 | |
| To TSTC Harlingen | 1,782,840 | |
| To TSTC Waco (E Williamson Cty) | 1,686,490 | |
| To TSTC Fort Bend | 9,843 | |
| From TSTC Marshall | | \$ 2,209,053 |
| From TSTC Waco | | 2,125,345 |
| From TSTC West Texas | | 106,225 |
| From TSTC North Texas | | 237,603” |
- 4) Reallocation of Designated Tuition to support operations:
- | | | |
|---------------------------------|-------------|--------------|
| To TSTC System Administration | \$5,546,306 | |
| To TSTC West Texas | 1,818,518 | |
| To TSTC Marshall | 74,113 | |
| To TSTC North Texas | 96,269 | |
| To TSTC Waco (E Williamson Cty) | 130,595 | |
| To TSTC Fort Bend | 303,900 | |
| From TSTC Harlingen | | \$ 6,754,268 |
| From TSTC Waco | | 1,215,432” |

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor for Finance

TSTC Transfers for Fiscal Year 2018

			Transfers In	Transfers Out	Net Transfers
Appropriation Transfers - General Revenue	Central Admin	Central Admin	(1,199,053)	0	1,199,053
	Fort Bend	Fort Bend	(9,843)	0	9,843
	Harlingen	Harlingen	(1,782,840)	0	1,782,840
	Marshall	Marshall	0	2,209,053	(2,209,053)
	North Texas	North Texas	0	237,603	(237,603)
	Waco	EWC	(1,686,490)	0	1,686,490
		Waco	0	2,125,345	(2,125,345)
	West Texas	Sweetwater	0	106,225	(106,225)
	Total		(4,678,226)	4,678,226	0
Appropriation Transfers - Designated Tuition	Central Admin	Central Admin	(5,546,305)	0	5,546,305
	Fort Bend	Fort Bend	(303,900)	0	303,900
	Harlingen	Harlingen	0	6,754,268	(6,754,268)
	Marshall	Marshall	(74,113)	0	74,113
	North Texas	North Texas	(96,269)	0	96,269
	Waco	EWC	(130,595)	0	130,595
		Waco	0	1,215,432	(1,215,432)
	West Texas	Sweetwater	(1,818,518)	0	1,818,518
	Total		(7,969,700)	7,969,700	0
Appropriation Transfers - HEAF	Central Admin	Central Admin	0	8,662,500	(8,662,500)
	Fort Bend	Fort Bend	(1,200,000)	0	1,200,000
	Harlingen	Harlingen	(1,750,000)	0	1,750,000
	Marshall	Marshall	(360,000)	0	360,000
	North Texas	North Texas	(252,500)	0	252,500
	Waco	Waco	(4,050,000)	0	4,050,000
	West Texas	Sweetwater	(1,050,000)	0	1,050,000
		Total		(8,662,500)	8,662,500
Appropriation Transfers - Technical Partnership	Central Admin	Central Admin	0	296,133	(296,133)
	Waco	EWC	(296,133)	0	296,133
		Total		(296,133)	296,133
Grand Total			(21,606,559)	21,606,559	0



Board Meeting Date: August 9, 2017

Proposed Minute Order #: 36-17(c)

Proposed By: Jonathan A. Hoekstra, Vice Chancellor for Finance

Subject: Allocation of Higher Education Assistance Funds for Fiscal Year 2018

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 85th Texas Legislature appropriated \$8,662,500 of HEAF funds for first 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 at each TSTC location that is designated by the Legislature as a campus.

Justification: The recommended HEAF allocations for Fiscal Year 2018 are based on project prioritization. The following table provides a comparison of the FY 2018 recommended allocation with the FY 2017 allocation:

	<u>FY 2018 Allocation</u>	<u>FY 2017 Original Allocation</u>
Central Admin	\$0	\$0
Fort Bend	1,200,000	967,838
Harlingen	1,750,000	2,604,593
Marshall	360,000	725,027
North Texas	252,500	283,709
Waco	4,050,000	3,088,797
West Texas	<u>1,050,000</u>	<u>992,536</u>
Totals	\$ 8,662,500	\$ 8,662,500

Additional Information: The HEAF Allocation for FY 2017 has been adjusted from the original allocation.

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.

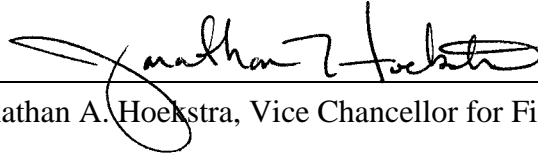
Attachment(s): HEAF Allocation Worksheet for FY 2018

**Recommended
Minute Order:**

“The Board of Regents approves the allocation of Higher Education Assistance Funds for Fiscal Year 2018 in the following manner:

TSTC Central Admin	\$ 0
TSTC Fort Bend	\$ 1,200,000
TSTC Harlingen	\$ 1,750,000
TSTC Marshall	\$ 360,000
TSTC North Texas	\$ 252,500
TSTC Waco	\$ 4,050,000
TSTC Sweetwater	\$ 1,050,000.”

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor for Finance

HEAF Usage FY 2018

	Revenues	Carryforward Balances	Original Budget
HEAF	8,662,500	0	0
Usage of HEAF Carryforward Balance	0	768,340	0
HEAF Bond Debt Service	0	0	2,975,227
TPFA Debt Service	0	0	2,294,735
Local Bond Debt Service	0	0	2,161,109
Information Technology Infrastructure	0	0	634,500
Facility Repairs	0	0	507,900
Roof Replacements and Repairs	0	0	410,000
Instructional Equipment	0	0	190,369
Facility Repairs - Instructional	0	0	182,000
Physical Plant Reserve	0	0	75,000
Grand Total	8,662,500	768,340	9,430,840