

Meeting of the Board of Regents

Budget Meeting

August 14, 2019
Waco, Texas



TEXAS STATE TECHNICAL COLLEGE

**Special Meeting of the
Board of Regents**

**Texas State Technical College
Connally Meeting & Conference Center
1651 E. Crest Drive
Waco, TX 76705**

**Wednesday, August 14, 2019
1:00 p.m.**

AGENDA

- I. MEETING CALLED TO ORDER**
- II. DETERMINATION OF QUORUM**
- III. ADOPTION OF AGENDA**
- IV. CHANCELLOR COMMENTS**
- V. BUDGET OVERVIEW AND DISCUSSION**
- VI. MINUTE ORDERS**

Proposed MO#

30-19(c) Approve Operating Budget for Fiscal Year 2020..... B-2
Jonathan Hoekstra

31-19(c) Approve Appropriation Transfers for Fiscal Year 2020 B-6
Jonathan Hoekstra

32-19(c) Approve Allocation of Higher Education Assistance Funds for Fiscal Year 2020 B-8
Jonathan Hoekstra

- VII. CHANCELLOR COMMENTS**
- VIII. BOARD COMMENTS**
- IX. ADJOURN**

Please note: Meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of the discussions and the reports of preceding meetings. The estimated times are approximate and may be adjusted as required with no prior notice.





Board Meeting Date: August 14, 2019 **Proposed Minute Order #:** 30-19(c)

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

Subject: Approve Operating Budget for Fiscal Year 2020

Background: The proposed Fiscal Year 2020 budget supports Texas State Technical College's (TSTC) current strategic plan. TSTC estimates an increase in Fiscal Year 2020 revenues related to higher levels of state appropriations and expected state and designated tuition revenues.

Budgeted operating expenses are set at \$240,020,091, the same level of budgeted operating revenues and applied reserve balances. Total capital project expenses are budgeted at \$8,479,650, with \$5,590,760 of these capital expenses funded by capital proceeds and project reserves, and the remaining \$2,888,890 funded through the operating budget.

The increase in budgeted expenditures for Fiscal Year 2020 relates to increased spending on teaching and learning, employee development and compensation, and deferred maintenance and other improvements.

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, 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.

Additional Information: Total budgeted FTEs from all fund sources for Fiscal Year 2020 total 1,771. Of the total, 162 are vacant positions.

Fiscal Implications: Authorizes TSTC budgets for Fiscal Year 2020.

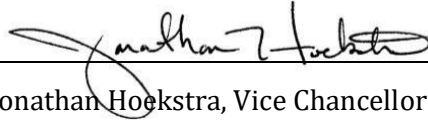
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): TSTC Operating Budget FY 20 – Revenues & Transfers
TSTC Operating Budget FY 20 - Expenditures by Fund

**Recommended
Minute Order:**

“The Texas State Technical College Board of Regents approves the Operating Budget for Fiscal Year 2020, covering the period from September 1, 2019 through August 31, 2020.”

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a solid horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

TSTC FY 2020 Operating Budget - Revenues & Transfers

Fund Type	Revenues	Carryforward Balances	Net Transfers	Total Budgeted Revenues
E & G	(128,410,428)	-	8,812,741	(119,597,687)
Designated	(52,723,634)	(4,310,000)	993,980	(56,039,654)
Restricted	(37,852,448)	-	-	(37,852,448)
Auxilliary	(11,967,341)	-	624,946	(11,342,395)
Plant	(4,756,240)	(5,590,760)	(10,431,667)	(20,778,667)
Total	(235,710,091)	(9,900,760)	-	(245,610,851)

TSTC FY 2020 Operating Budget - Expenditures by Fund

Fund Type	Salaries	Operating	Benefits	Capital	Travel	Total
E & G	85,095,366	4,993,304	29,509,017	-		119,597,687
Designated	6,455,517	46,544,549	1,662,393	-	2,216,684	56,879,143
Restricted	1,062,492	36,446,901	301,796	-	41,259	37,852,448
Auxilliary	2,822,404	6,539,169	1,110,008	-	31,325	10,502,906
Plant	-	12,299,017	-	8,479,650	-	20,778,667
Total	95,435,779	106,822,940	32,583,214	8,479,650	2,289,268	245,610,851



Board Meeting Date: August 14, 2019 **Proposed Minute Order #:** 31-19(c)

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

Subject: **Approve Appropriation Transfers for Fiscal Year 2020**

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). Operational needs and related budgets commonly vary from the funding patterns established during the appropriations process. This is due to strategic imperatives and changes to operational realities throughout the course of the year. Managing the College budget from a statewide perspective allows flexibility to match up strategy and operational realities to available funding. The appropriation transfers facilitate that flexibility and are anticipated at a higher frequency under this new structure. These transfers require Board of Regents approval.

Justification: The recommended plan for transferring funds among the components of TSTC was developed to provide funding for the 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.

Various administrative functions are included in both the System Administration budgets and the campus budgets. Specific transfers are made to support Technical Training Partnerships and standard operations at the East Williamson County Higher Education Center (EWCHEC).

Additional Information: The proposed transfers among the campuses and Central Administration address strategic initiatives common among TSTC entities. Within the General Appropriations Act, Central Administration is referred to as "System Administration." Strategy reallocations refer to General Revenue Appropriations.

Fiscal Implications: Provides funding to accomplish strategic initiatives 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 Texas State Technical College Board of Regents approves the following appropriation transfers for Fiscal Year 2020:

- 1) Reallocation of the East Williamson County Strategy from TSTC System to TSTC Waco:

To TSTC Waco (EWCHEC)	\$ 599,862
From TSTC System Administration	\$ 599,862

- 2) Reallocation of the System Administration Technical Training Partnership Strategy to TSTC Waco for E Williamson County Center:

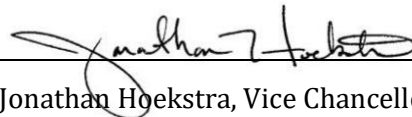
To TSTC Waco (EWCHEC)	\$ 296,133
From TSTC System Administration	\$ 296,133

- 3) Reallocation of Instruction & Administration, and General Revenue

Appropriations to support operations:

To TSTC Waco (EWCHEC)	\$ 1,530,131
To TSTC Fort Bend	\$ 2,069,804
To TSTC Waco	\$ 471,995
To TSTC North Texas	\$ 108,065
To TSTC West Texas	\$ 3,996,523
From TSTC System Administration	\$ 3,777,224
From TSTC Harlingen	\$ 3,260,014
From TSTC Marshall	\$ 1,139,280”

Recommended By:



Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



Board Meeting Date: August 14, 2019 **Proposed Minute Order #:** 32-19(c)

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

Subject: **Approve Allocation of Higher Education Assistance Funds for Fiscal Year 2020**

Background: The Texas State Technical College System (TSTC) was included in the Higher Education Assistance Fund (HEAF) through a change in the Texas Constitution in 1995. The 86th 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 2020 are based on project prioritization. The following table provides a comparison of the FY 2020 recommended allocation with the FY 2019 allocation:

	<u>FY 2020 Allocation</u>	<u>FY 2019 Original Allocation</u>
Central Admin	\$0	\$0
Fort Bend	20,000	1,382,205
Harlingen	2,909,653	2,450,280
Marshall	727,360	617,586
North Texas	30,000	289,170
Waco	3,515,881	2,164,022
West Texas	<u>1,459,606</u>	<u>1,759,237</u>
Totals	\$ 8,662,500	\$ 8,662,500

Additional Information: The HEAF Allocation for FY2019 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): TSTC FY 2020 HEAF Expenditure Allocation

Recommended Minute Order: "The Texas State Technical College Board of Regents approves the allocation of Higher Education Assistance Funds for Fiscal Year 2020 in the following manner:

TSTC Central Admin	\$	0
TSTC Fort Bend	\$	20,000
TSTC Harlingen	\$	2,909,653
TSTC Marshall	\$	727,360
TSTC North Texas	\$	30,000
TSTC Waco	\$	3,515,881
TSTC Sweetwater	\$	1,459,606."

Recommended By:



Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

TSTC FY 2020 HEAF Expenditure Allocation

Function	Description	Expenditures
Shared Resources	Local Bond Debt Service	2,161,793
	HEAF Bond Debt Service	2,983,350
Student Services	Construction and Deferred Maintenance	2,888,890
	Networking Equipment	766,641
	Repairs	40,000
Total		8,840,674

Total expenditures include amounts from FY 2020 HEAF appropriations and usage of carryforward balances