

Board of Regents Meeting

Budget Meeting

August 8, 2018
Waco, Texas



TEXAS STATE TECHNICAL COLLEGE

Board of Regents Meeting

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

Wednesday, August 8, 2018

1:00 p.m.

AGENDA

- I. Meeting Called to Order**
- II. Determination of Quorum**
- III. Adoption of Agenda**
- IV. Budget Overview and Discussion**
- V. Minute Orders**
 - Proposed MO#
 - 20-18(c) Operating Budget for Fiscal Year 2019..... B-2
 - 21-18(c) Appropriation Transfers for Fiscal Year 2019..... B-6
 - 22-18(c) Allocation of Higher Education Assistance Funds for Fiscal Year 2019
..... B-8
 - 23-18(c) Reallocation of Higher Education Assistance Funds for Fiscal Year 2018
..... B-11
- VI. Senate Bill 20 Compliance**
- VII. Board Comments**
- VIII. 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. Lunch will be at approximately noon.



Board Meeting Date: August 9, 2018 **Proposed Minute Order #:** 20-18(c)

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

Subject: **Operating Budget for Fiscal Year 2019**

Background: Consistent with TSTC's focus of aligning decisions to the statewide strategic plan, the budget process in Fiscal Year 2019 included strategic planning elements. Budgeted revenues increased for the Fiscal Year 2019 budget over the prior year related to higher levels of expected state and designated tuition revenues. Carryforward balances also account for the higher level of overall budgeted revenues. Budgeted operating expenses are set at \$212,218,339, the same level of budgeted operating revenues and applied reserve balances. Budgeted capital project expenses are set at \$5,040,000, the same level of capital project reserves to be utilized in Fiscal Year 2019. The focus in budgeted expenditures for Fiscal Year 2019 relates to increased spending on teaching and learning, employee compensation, and expanding capacity in revenue generating business lines.

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 2019 total 1,701. Of the total, 45 are vacant positions.

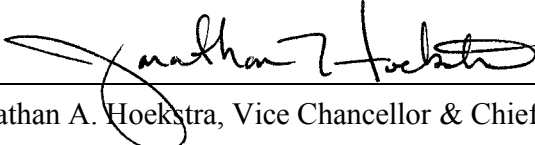
Fiscal Implications: Authorizes TSTC budgets for Fiscal Year 2019

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 19 – Revenues
TSTC Operating Budget FY 19 – Expenditures by Fund
TSTC Operating Budget FY 19 – Expenditures by Function

Recommended Minute Order: "The Board of Regents approves the Texas State Technical College Operating Budget for Fiscal Year 2019, covering the period from September 1, 2018, through August 31, 2019."

Recommended By:


Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

TSTC Operating Budget FY 2019 - Revenues and Transfers

Fund	Revenues	Carryforward Balances	Net Transfers	Total Budgeted Revenues
E&G	97,015,337	9,202,476	(7,384,470)	98,833,343
Designated	55,510,809	(3,483,953)	274,123	52,300,979
Restricted	37,204,764		0	37,204,764
Auxiliary	12,963,000	(944,950)	(786,800)	11,231,250
Plant	4,750,856	5,040,000	7,897,147	17,688,003
Grand Total	207,444,766	9,813,573	0	217,258,339

TSTC Operating Budget FY 2019 - Expenditures by Fund

Fund	Salaries	Operating	Benefits	Capital	Travel	Grand Total
E&G	73,427,400	5,641,372	19,661,984	89,150	13,437	98,833,343
Designated	9,020,653	35,980,233	1,588,926	4,218,784	1,492,383	52,300,979
Restricted	1,735,336	34,608,669		859,759	1,000	37,204,764
Plant		12,094,678		5,593,325		17,688,003
Auxiliary	2,780,130	6,853,415	1,109,584	471,171	16,950	11,231,250
Grand Total	86,963,519	95,178,367	22,360,494	11,232,189	1,523,770	217,258,339

TSTC Operating Budget FY 2019 - Expenditures by Function

	Salaries	Operating	Benefits	Capital	Travel	Grand Total
Statewide Overhead	3,141,165	58,295,379	19,647,216	3,506,500	475	84,590,735
Instruction	49,179,409	17,011,222	908,925	1,547,149	839,777	69,486,482
Student Services	17,895,586	14,908,259	1,304,193	6,178,540	265,986	40,552,564
Statewide Admin	8,979,297	3,737,044	474,438		271,953	13,462,732
Finance	7,768,062	1,226,463	25,722		145,579	9,165,826
Grand Total	86,963,519	95,178,367	22,360,494	11,232,189	1,523,770	217,258,339

Board Meeting Date: August 9, 2018 **Proposed Minute Order #:** 21-18(C)
Proposed By: Jonathan A. Hoekstra, Vice Chancellor for Finance

Subject: **Appropriation Transfers for Fiscal Year 2019**

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. 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 budgets and the College budgets. Specific transfers are made to support Technical Training Partnerships, standard operations, and the East Williamson County Higher Education Center (EWCHEC).

Additional Information: The proposed transfers among the colleges 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

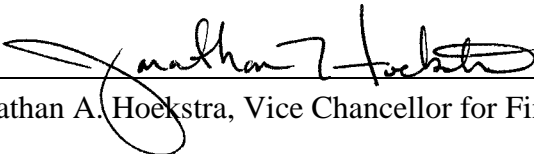
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): None

Recommended Minute Order: “The Board of Regents approves the following appropriation transfers for Fiscal Year 2019:
1) Reallocation of the E Williamson County Strategy from TSTC System to TSTC Waco:
To TSTC Waco (E Williamson Cty) \$666,513

From TSTC System Administration	\$666,513
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	\$1,227,681
To TSTC Harlingen	511,066
From TSTC Marshall	\$ 1,229,911
From TSTC Fort Bend	3,140
From TSTC Waco	379,978
From TSTC West Texas	20,714
From TSTC North Texas	105,004
4) Reallocation of State Tuition to support operations:	
To TSTC Waco	\$731,166
From TSTC Harlingen	\$668,262
From TSTC North Texas	62,904
5) Reallocation of Designated Tuition to support operations:	
To TSTC System Administration	\$3,026,008
To TSTC Marshall	317,480
To TSTC North Texas	215,851
To TSTC Waco (E Williamson Cty)	287,570
To TSTC Fort Bend	864,174
From TSTC Harlingen	\$ 3,537,115
From TSTC West Texas	1,173,968"

Recommended By:



 Jonathan A. Hoekstra, Vice Chancellor for Finance



Board Meeting Date: August 9, 2018 **Proposed Minute Order #:** 22-18(c)
Proposed By: Jonathan A. Hoekstra, Vice Chancellor for Finance

Subject: **Allocation of Higher Education Assistance Funds for Fiscal Year 2019**

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 second 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 HEAF bond debt service. HEAF may be used at each TSTC location that is designated as a campus.

Justification: The recommended HEAF allocations for Fiscal Year 2019 are based on project prioritization. The following table provides a comparison of the FY 2019 recommended allocation with the FY 2018 allocation:

	<u>FY 2019 Allocation</u>	<u>FY 2018 Original Allocation</u>
Central Admin	\$0	\$0
Fort Bend	1,382,205	1,200,000
Harlingen	2,450,280	1,750,000
Marshall	617,586	360,000
North Texas	289,170	252,500
Waco	2,164,022	4,050,000
West Texas	<u>1,759,237</u>	<u>1,050,000</u>
Totals	\$ 8,662,500	\$ 8,662,500

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.

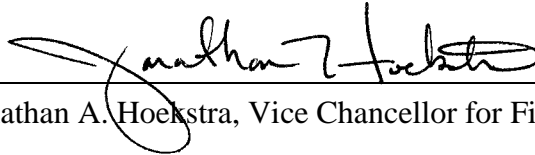
Attachment(s): HEAF Allocation Worksheet for FY 2019

**Recommended
Minute Order:**

“The Board of Regents approves the allocation of Higher Education Assistance Funds for Fiscal Year 2019 in the following manner:

TSTC Central Admin	\$ 0
TSTC Fort Bend	\$ 1,382,205
TSTC Harlingen	\$ 2,450,280
TSTC Marshall	\$ 617,586
TSTC North Texas	\$ 289,170
TSTC Waco	\$ 2,164,022
TSTC West Texas	\$ 1,759,237

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor for Finance

FY 2019 HEAF Expenditures

		Expenses
Instruction	Equipment Pool	552,354
	TPFA Debt Service	3,214,776
Statewide Overhead	HEAF Bond Debt Service	2,974,477
	Local Bond Debt Service	2,163,368
Student Services Facility Maintenance and Projects		1,346,890
	Information Technology	68,400
Grand Total		10,320,265

Total Expenditures include amounts from FY 19 HEAF Appropriations and usage of carryforward balances.



Board Meeting Date: August 9, 2018

Proposed Minute Order #: 23-18(c)

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

Subject: **Reallocation 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 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 HEAF bond debt service. HEAF may be used at each TSTC location that is designated as a campus.

Justification: The recommended change to the HEAF allocations for Fiscal Year 2018 are based on project prioritization after re-assessment. The following table provides a comparison of the requested change to the initial FY 2018 recommended allocation:

	<u>FY 2018 Amended Allocation</u>	<u>FY 2018 Original Allocation</u>
Central Admin	\$0	\$0
Fort Bend	900,000	1,200,000
Harlingen	2,050,000	1,750,000
Marshall	505,000	360,000
North Texas	252,500	252,500
Waco	3,905,000	4,050,000
West Texas	<u>1,050,000</u>	<u>1,050,000</u>
Totals	\$ 8,662,500	\$ 8,662,500

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.

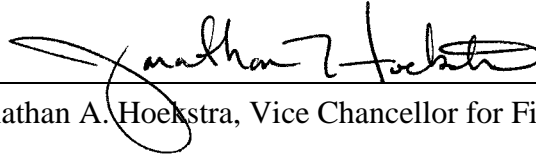
Attachment(s): None

**Recommended
Minute Order:**

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

TSTC Central Admin	\$ 0
TSTC Fort Bend	\$ 900,000
TSTC Harlingen	\$ 2,050,000
TSTC Marshall	\$ 505,000
TSTC North Texas	\$ 252,500
TSTC Waco	\$ 3,905,000
TSTC Sweetwater	\$ 1,050,000.”

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor for Finance