

The Budgeting Process for Public Community Colleges in Texas

**Texas Higher Education Coordinating Board
Leadership Conference**

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Austin Community College

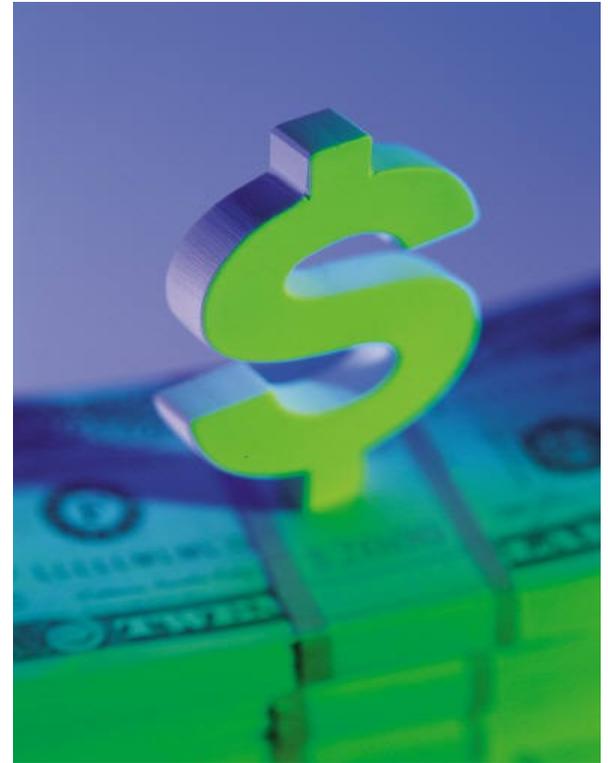
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Chief Budget Officer

Alamo Colleges District

Agenda

- **Key Budget Concepts**
- **Contrast 2 Different Budget Methodologies**
 - **Alamo Colleges District (ACD)**
 - **Austin Community College (ACC)**



KEY BUDGET CONCEPTS

Budget Theoretical Concepts

- Board approves Annual Budget; available on college and state website
- Money follows Mission: Budget transparency to mission-critical or support areas; esp. critical in light of declining state funding.
- Local Policy Decisions:
 - Modified Zero-based Budgeting:
 - Unused funds “swept-up” at end of year to fund balance (financial reserves)
 - Multi-year funds (i.e. capital accts, restricted balances) may carry over to following year
 - Distribution Methodology, i.e.:
 - Bottom-up based on prior year budgets with overlays for cost savings or strategies
 - Zero-based: Depts. submit budget request from scratch each year
 - Workload allocation based
 - Whether funds can be shifted from line item to line item
 - Contingencies: Chancellor/President Institutional Reserve (small discretionary fund for budget adjustments not requiring Board approval)
 - May have Guidelines such as % Personnel Budget and Avg. Class Size
 - May establish pool for specific Strategic Initiatives

Organizational Differences Impact Budget Methodologies Utilized

Austin Community College

- “One College Concept”
- 10 campuses not separately accredited.
- One President/CEO
- One set of Administrators
- One set of department chairs
- Resources assigned to functional budgets

Alamo Colleges

- 5 Colleges and 12 off-campus sites supporting the 8 county service area
- Individually Accredited Colleges (Note: Alamo & Dallas only CC in state)
- One Chancellor/Five Presidents
- 5 Vice Chanc./3 VP per College
- 5 sets of department Deans/Chairs
- Resources assigned to 5 colleges and district departments via formula workload model

Think Long Range

- Prepare Long-Term Revenue/Expense Estimates for:
 - ✓ State Appropriations
 - ✓ District Taxes
 - ✓ Tuition and Fees
 - ✓ Operational Costs
 - ✓ Capital Needs

Revenue Estimate Questions

- What's going on with the global, national and state economy?
- What might the effect be on state appropriations?
 - Tax revenues up or down?
 - Medicaid, social services, prisons, K-12?
- What is our taxing district appraised value outlook?
- What's going on with financial aid?
- What is the political climate affecting these areas?
- Anything else in the world?

Texas Funding Sources

	<u>Public University</u>	<u>Community College</u>
Primary Funding Sources:		
Facilities Construction & Operations	State	Debt & Operations supported by Property Tax
Education & General	Tuition & Fees with State Subsidy	Tuition & Fees with State Subsidy
Employee Health & Retiree Benefits	State	50/50 State/College eff. 2012/13
Auxiliary (Food Svc, Book Store...)	Aux. Revenues	Aux. Revenues
Athletics	Athletics Revenues	
Other Funding Sources:		
Fundraising	X	X
Land/bldg Lease Revenues	X	X
Pass-thru: Fed./State Student Fin. Aid	X	X
Grants	X	X
Investment Income	X	X
Public-Private Partnerships (P3)	X	X

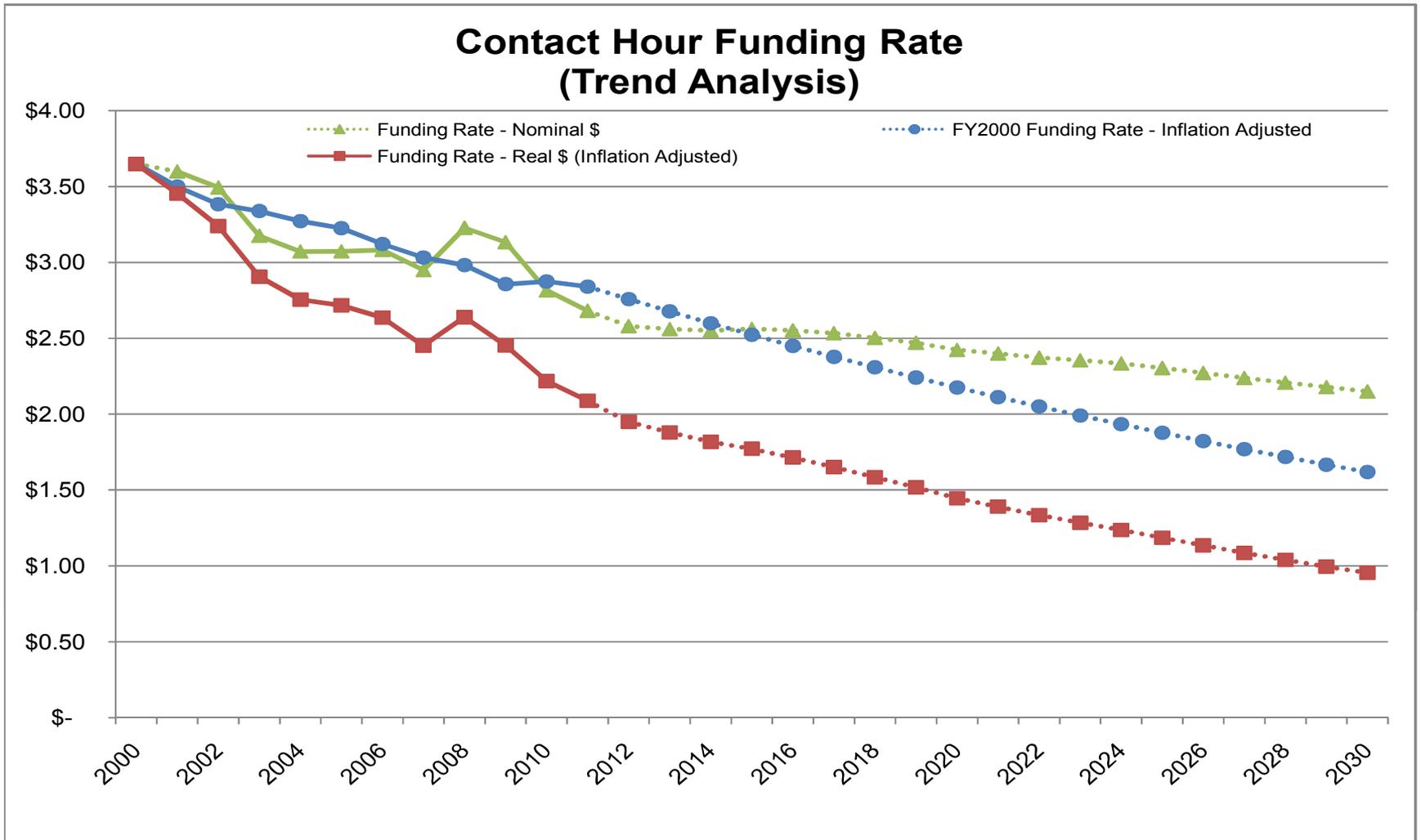
Challenging Times . . .

Pressure to turn out **MORE** educated young people and adults

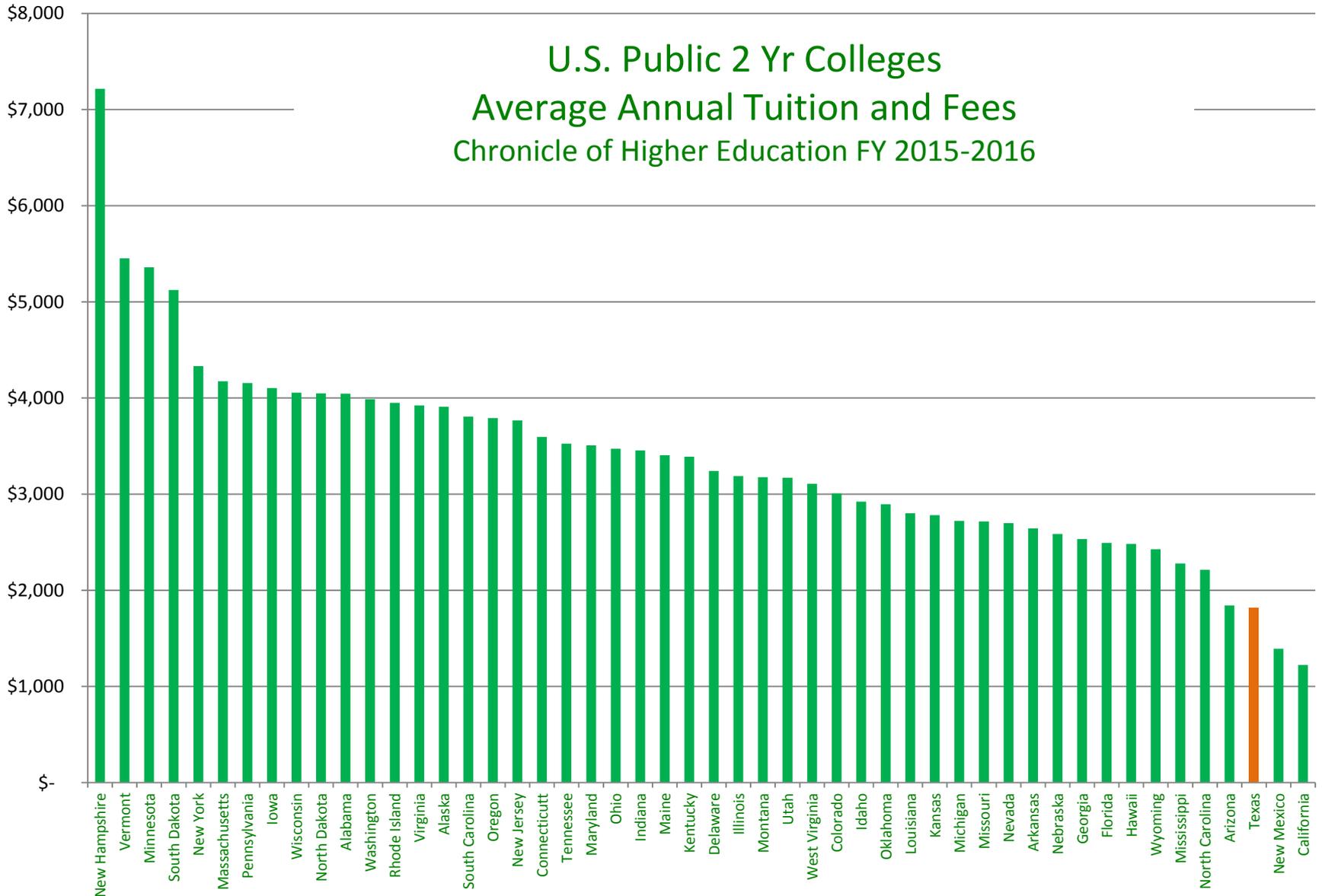
when \$\$\$ available, from public and other sources, is being slashed



Example of State Appropriation Trend



U.S. Public 2 Yr Colleges Average Annual Tuition and Fees Chronicle of Higher Education FY 2015-2016



Students First
Respect For All



Student Success

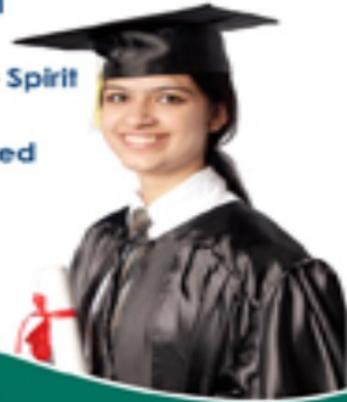
Collaboration



Principle - Centered
Leadership

Community-Engaged

Can-Do Spirit
Data-Informed



Performance
Excellence

Alamo Colleges District



Budget Alignment Methodology:
Funding our Priorities

Alamo Colleges:

Workload Budget Allocation Model

1. Determine Baseline Revenues

FORMULA REVENUES:

- Taxes – estimate property valuation changes & apply current rate
- State – Range determined based on legislative bills (House & Senate)
- Tuition & Fees – various scenarios calculated: flat, % increase, etc.

NON-FORMULA REVENUES:

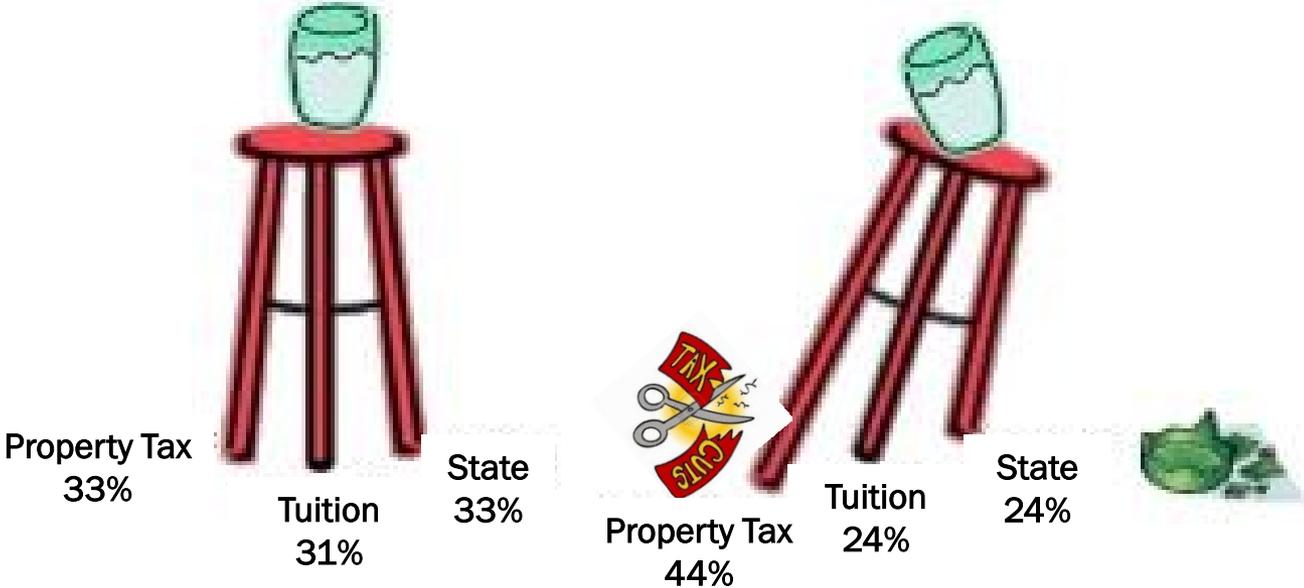
- Special Program Tuition – 28 programs identified as high cost & high demand
- Continuing Education Contracts
- Other miscellaneous accounts



The three legged stool

“Balanced” 2009

2018



State Revenue Outlook FY20-21

Opportunities:

- Increases in Success Points \$/per

Risks:

- Unfunded growth; Further erosion in \$/Contact Hr; i.e. flat \$ pool spread to more CH
- Leg. Budget Board requested FY20 impacts of 10% cuts
- Risk of more “unfunded mandates” to waive tuition for certain students (currently \$4.9M mandated waivers on top of the discretionary waivers we give on Dual Credit)

Flat is the New Growth....



Property Tax Outlook

Opportunities:

- Taxable Asset Valuation growth
- Funds Facilities Maintenance & Operations incl. Deferred Maintenance
- Mitigates State Appropriations per FTSE student \$ loss
- Assists with rising Student Support costs



Risks: Legislative Change to Tax Rollback Rate Cap

- From 8% to proposed 2.5%-5% rollback, calc. from lower of Current or Effective Rate each year
- automatic election

FACILITIES OPERATIONS



CUSTODIAL OPERATIONS



MAINTENANCE OPERATIONS

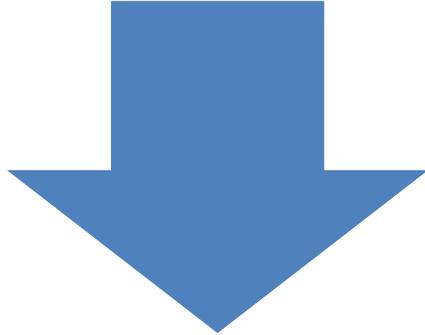


GROUNDS OPERATIONS



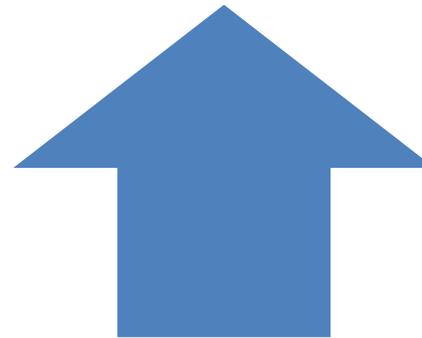
FACILITIES MANAGEMENT

Fund New
Facilities
Operational
Costs



Manage Leg. Risk of Lower Roll Back Tax Rate

Accumulating Tax
Revenues 1 Year
in Advance for
New Facilities



Enrollment/Tuition & Fees Outlook

Opportunities:

- Summer Momentum Incentive: higher CH per term & increased retention/faster completion
- Dual Credit Growth, creates Expense pressure; 2-year lag for potential increase in State funding from success points or CH
- Long term: Out of district Revenue growth (Online Programs and International)

Risks: CH reduced via SS strategies for avg. hrs. per student at 60 CH



CH = Contact Hours

COST OF EDUCATION - WHO PAYS?

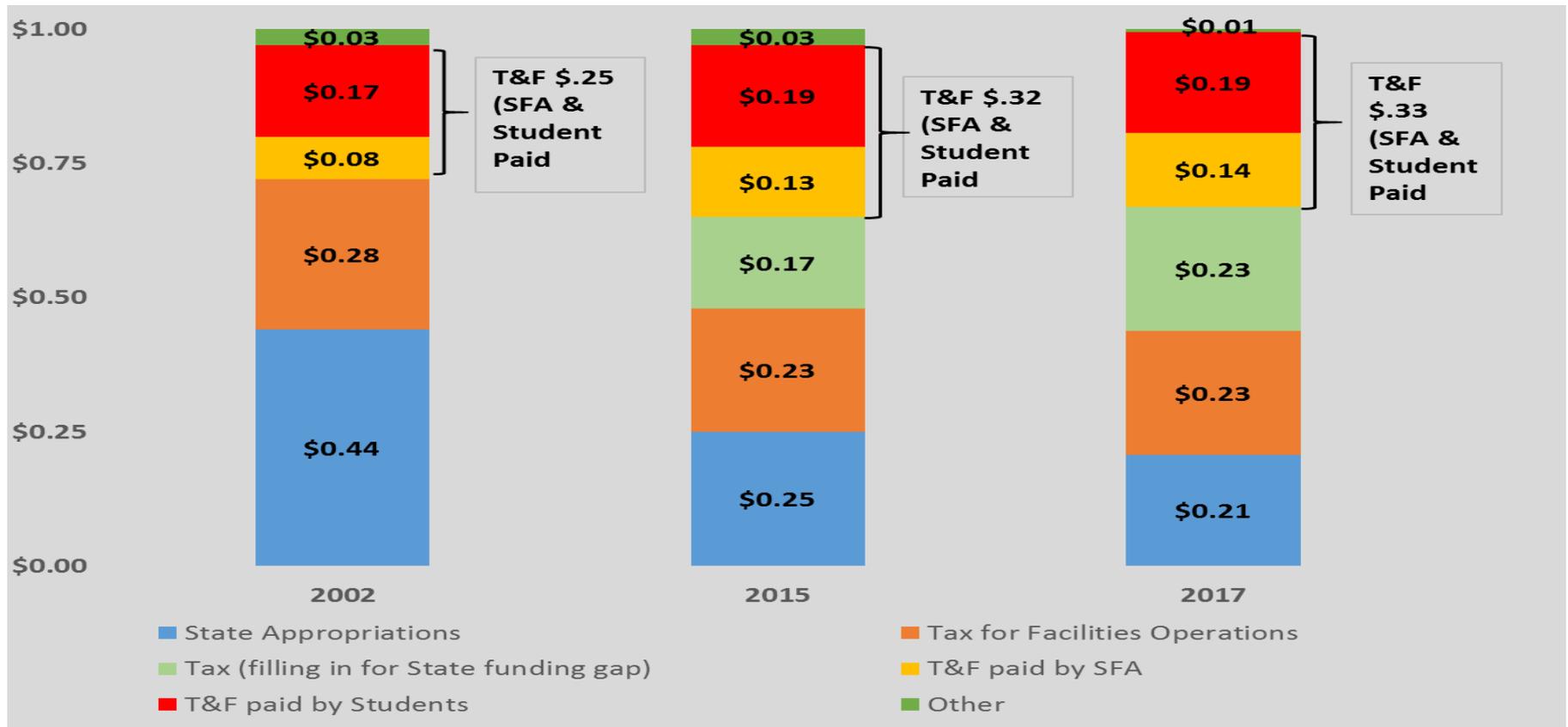
STUDENTS PAY 19 CENTS OF EACH \$1

Tuition and Fees are heavily subsidized:

- State Appropriations AND Federal & State Student Financial Aid

Thus, students pay out of pocket only 19 cents of each expense \$ at ACD

Due to State Funding reductions (from 44% to 21%), local property taxes are now covering 23% of non-facilities' costs



* Excludes pass-through student financial aid refunds of \$54.6M in 2017 for other living costs.

Fall 2018 Tuition/Fees

Texas Community Colleges – Alamo Colleges District is 8th lowest with impact of SMP
With \$13 increase Spring 2019 (3x incr. in 8 yrs), \$4 below state average

Rank	College District	Tuition	Fees	Total	Total/SCH
	State Average	675	408	1,083	90.26
1	Laredo	600	1,050	1,650	137.50
2	Texas Southmost	600	999	1,599	133.25
3	South Texas	840	712	1,552	129.33
4	Blinn	648	768	1,416	118.00
5	McLennan	1,272	108	1,380	115.00
6	El Paso	1,128	240	1,368	114.00
7	Del Mar	768	509	1,277	106.42
8	Frank Phillips	516	719	1,235	102.92
9	Clarendon	564	648	1,212	101.00
10	Tyler	384	828	1,212	101.00
11	Vernon	600	600	1,200	100.00
12	Hill	1,044	147	1,191	99.25
13	Southwest Texas	732	459	1,191	99.25
14	Temple	924	264	1,188	99.00
15	Cisco	480	696	1,176	98.00
16	Northeast Texas	492	665	1,157	96.42
17	South Plains	348	772	1,120	93.33
18	Western Texas	732	384	1,116	93.00
19	Wharton	384	732	1,116	93.00
20	Coastal Bend	840	263	1,103	91.92
21	Texarkana	624	470	1,094	91.17
22	Alamo	1,032	61	1,093	91.08
23	North Central Texas	684	408	1,092	91.00
24	Brazosport	780	306	1,086	90.50
25	Central Texas	1,080		1,080	90.00

Rank	College District	Tuition	Fees	Total	Total/SCH
26	Howard	954	125	1,079	89.92
27	Amarillo	564	504	1,068	89.00
28	Midland	768	300	1,068	89.00
29	Trinity Valley	468	588	1,056	88.00
30	Victoria	552	504	1,056	88.00
31	Ranger	600	455	1,055	87.92
32	Odessa	768	276	1,044	87.00
33	Austin	804	216	1,020	85.00
34	Grayson	600	420	1,020	85.00
35	Weatherford	1,020		1,020	85.00
36	Angelina	804	204	1,008	84.00
37	Lee	624	345	969	80.75
38	Navarro	504	462	966	80.50
39	Panola	348	612	960	80.00
40	Paris	660	300	960	80.00
41	Kilgore	552	396	948	79.00
42	Lone Star	528	380	908	75.67
43	Alvin	552	328	880	73.33

Alamo Colleges Summer Momentum +3 SCH (no charge) 72.87

44	Galveston	480	359	839	69.92
45	Houston	372	444	816	68.00
46	San Jacinto	600	174	774	64.50
47	College of the Mainland	540	207	747	62.25
48	Dallas	708		708	59.00
49	Tarrant	708		708	59.00
50	Collin	576	24	600	50.00

Alamo Colleges Summer Momentum incentive = 3 credit hrs FREE for 12 hr term

*Tuition and Fees for an In-District Student taking 12 semester credit hours (SCH)
Source: Online College Catalogs*

Operating Expense Budget–2 Step Process

1. Workload Budget Allocation Model & Process to Close Revenue/Exp. Gap

- Results: *Total Expense Budget \$* by College & District Vice Chancellor
- **OVERLAY Strategic Initiative Expense Savings & Strategic Investments**

2. Budget Distributed to Departments

- **Decentralized** to College & VC Budget Officers
- Results: Colleges/Dept. allocate total \$ to their priorities & distribute to funded Employee positions and non-labor accounts



“Big Picture” Formula Funding Model

“Formula” Mirror State Appropriation Methodology:

Core (Administrator Contract Salaries, Legal, Board)

SS Point Incentive (Beg. FY20, based on Prior Year (PY) improvement) if State rate incr.

Formula Funding Model (\$ per calc. w/o core components)

+ College/DSO specific "Non-Formula" Expense (excluding CE) (= revenue)

+ CE “Non-Formula” expense loaded to produce profit (target is \$1.5M+)

+ Overlays (Benefits, IT/Comm., Strategy SS Funds, Capital Budget, Full Yr. impact PY Board approved actions, General Institutional).

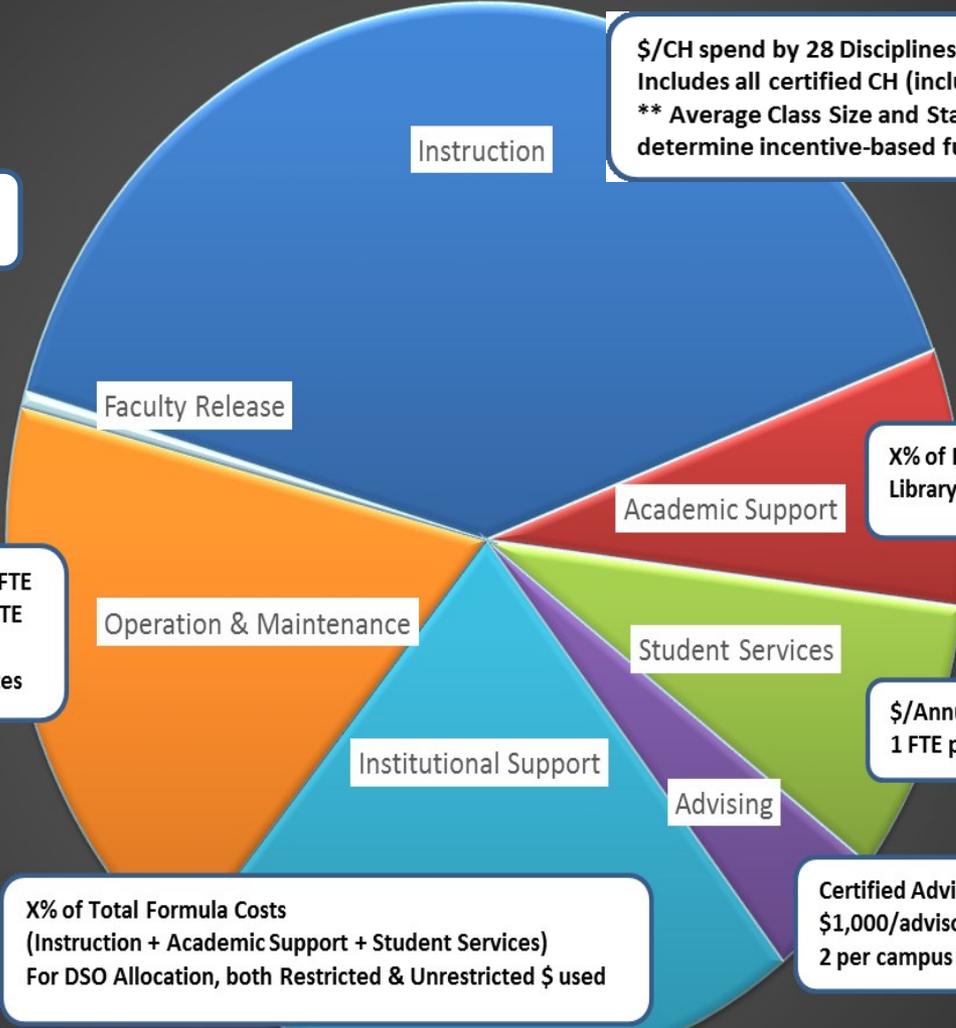
- Budget Gap Closure (Overlay if Revenues < than above Expense elements)

= Expense Budget Allocation that matches Revenues

FY18 Proposed Formula Funding Model

FY18 funding for Dual Credit Quality oversight up to projected ISD billing

Instruction
 \$/CH spend by 28 Disciplines x CH projection
 Includes all certified CH (including CE & Dual Credit)
 ** Average Class Size and Staffing Mgmt. Ratio to determine incentive-based funding



Academic Support
 X% of Formula Instruction Costs
 Library Allocation per Student

Operation & Maintenance
 Housekeeping: 29,500 GSF/FTE
 Maintenance: 52,000 GSF/FTE
 Grounds: 18 Acres/FTE
 Utilities: Consumption x Rates

Student Services
 \$/Annual Duplicated eadcount
 1 FTE per ECHS

Institutional Support
 X% of Total Formula Costs
 (Instruction + Academic Support + Student Services)
 For DSO Allocation, both Restricted & Unrestricted \$ used

Advising
 Certified Advisors at 350:1 ratio
 \$1,000/advisor for certification
 2 per campus "In-take" advisors in FY18

- Instruction
- Academic Support
- Student Services
- Advising
- Institutional Support
- Operation & Maintenance
- Faculty Release

X% = ratio calculated from last audited financial statements, i.e. FY16 for FY18 budget

A Balanced Plan in The Perfect Storm

Starring

State: Unfunded Growth

**Property Taxes Committed to
Facilities/CIP**

**Student Success Strategies
(added \$20M to Expense
structure)**

**Tighten Expense (\$ per CH @
FY16 levels; reducing pressure
\$12M)**

**Tuition Rate set to “break-even”
point (Tuition from growth can
cover instructional and SS costs)**



STRATEGIC PRIORITIES: RETURN ON INVESTMENT

AlamoINSTITUTES (Guided Pathways)

Helps students select a career path early, leading to a sustaining wage job or university transfer where every course counts.

Completing now the 215 transfer advising guides with our 7 primary transfer institutions and strengthening related articulation agreements/ university alignment

Cost	Benefits
\$1.1M recurring expense, part of the Student Success Fund	Student ROI: Every course counts as “degree-applicable”, saving \$8,800 - \$52,800 of University Tuition dollars on average
FY19 & FY20 expansion requires add'l funding: expand to add'l Universities	

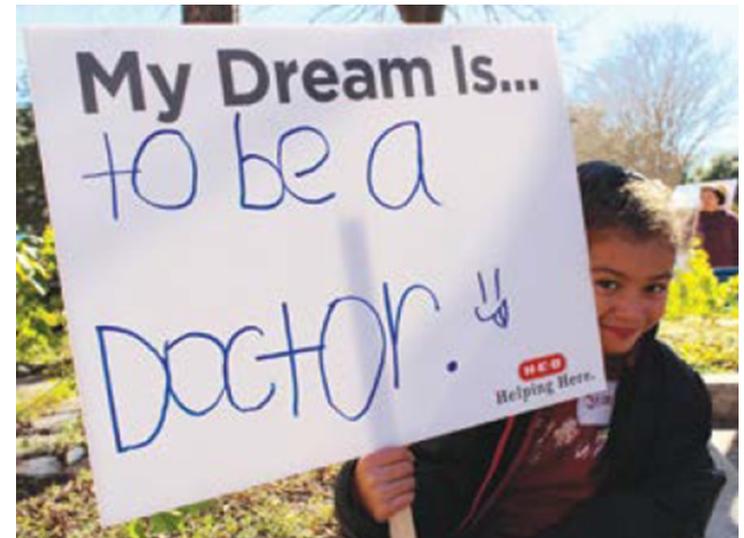


AlamoADVISE

Case management advising system: Students have personal advisors (non-dual credit students at 350:1 ratio and 10 in-take advisors); advisors are certified with rigorous training; enhancements to tutoring and other direct student support services.

Strategy includes deploying during 2018 add'l technology tools to Advisors and Faculty for Case Management and reporting/analysis

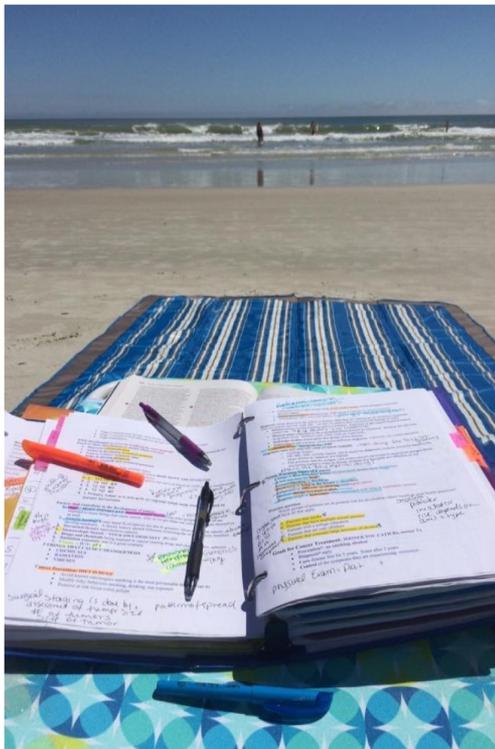
Cost	Benefits
\$15M added to expense structure	Student ROI: Select academic plan early, saving > \$1,000 avoiding excess hours.
FY19 & 20 expansion requires add'l funding: leverage feedback from NACADA report to strengthen training and processes as well as expansion to add more advisors for in-take, outreach, and high-school presence if funding allows	132% increase in student degree/certificate completions since 2012



Summer Momentum Program (SMP)

This program was implemented mid-year 2017 to incent students to attend in the summer which research showed would increase student persistence for the following Fall term and ultimately degree/certificate completions.

Student scholarships to cover 3 to 6 credit hours for free in the summer (for those taking 18 to 24 hours total in Fall and Spring)



Cost	Benefits
\$3M in Summer '17 /estimate \$3M in 2018	<p>Student ROI: 7400 students (52% of eligible students) took advantage of the program in Summer 2017 for \$3M scholarships total.</p>
<p>FY19: budgeted flat at est. \$3M; add'l funding required to support further growth</p>	<p>Those students with SMP scholarships performed better in the Fall 2018 than non-SMP students: Took more credit hours, persisted at a higher rate, and earned a higher Grade Point Average (GPA)</p>

High School Programs (Dual Credit, ECHS, Academy)

To create a college-going culture across the service area by providing access to high school students to earn college credits while in high school.

Cost	Benefits
<p>ACD Direct costs \$8.7M net of \$1.5M cost share revenues or \$11.55/CH (state reimbursement lags 2 years and currently is avg. \$2.60).</p>	<p>Student ROI:</p> <ul style="list-style-type: none"> ➤ 12,500 students; \$21M waived tuition
<p>FY19 and FY20 strategic initiatives:</p> <ul style="list-style-type: none"> • increase faculty release time for active oversight of DC taught by HS faculty; • add FTE for ACD advisors covering all ISDs; • collaborate with ISD for curriculum that leverages on Institute advising guides (start first with 16 ECHSs); • support continued DC expansion as funding allows. 	<ul style="list-style-type: none"> ➤ Each student saves \$1,000 - \$5,000 of Alamo Colleges Tuition for 12 – 60 hours; and save Pell for University transfer ➤ The same hours at the University cost \$20K to \$70K



Money Follows Mission

Mission: Empowering our diverse communities for success

July Board of Trustee Budget Retreat:

- Each President & Vice Chancellor provides:
 - Prior Year Achievements
 - Review their Budget Allocation in support of the Alamo Way key priorities.
- On the web at About Us/Financial Transparency... linked to:
<http://alamo.edu/district/fiscal-services/reports/>





Austin Community College Budget Process – “One College Concept”

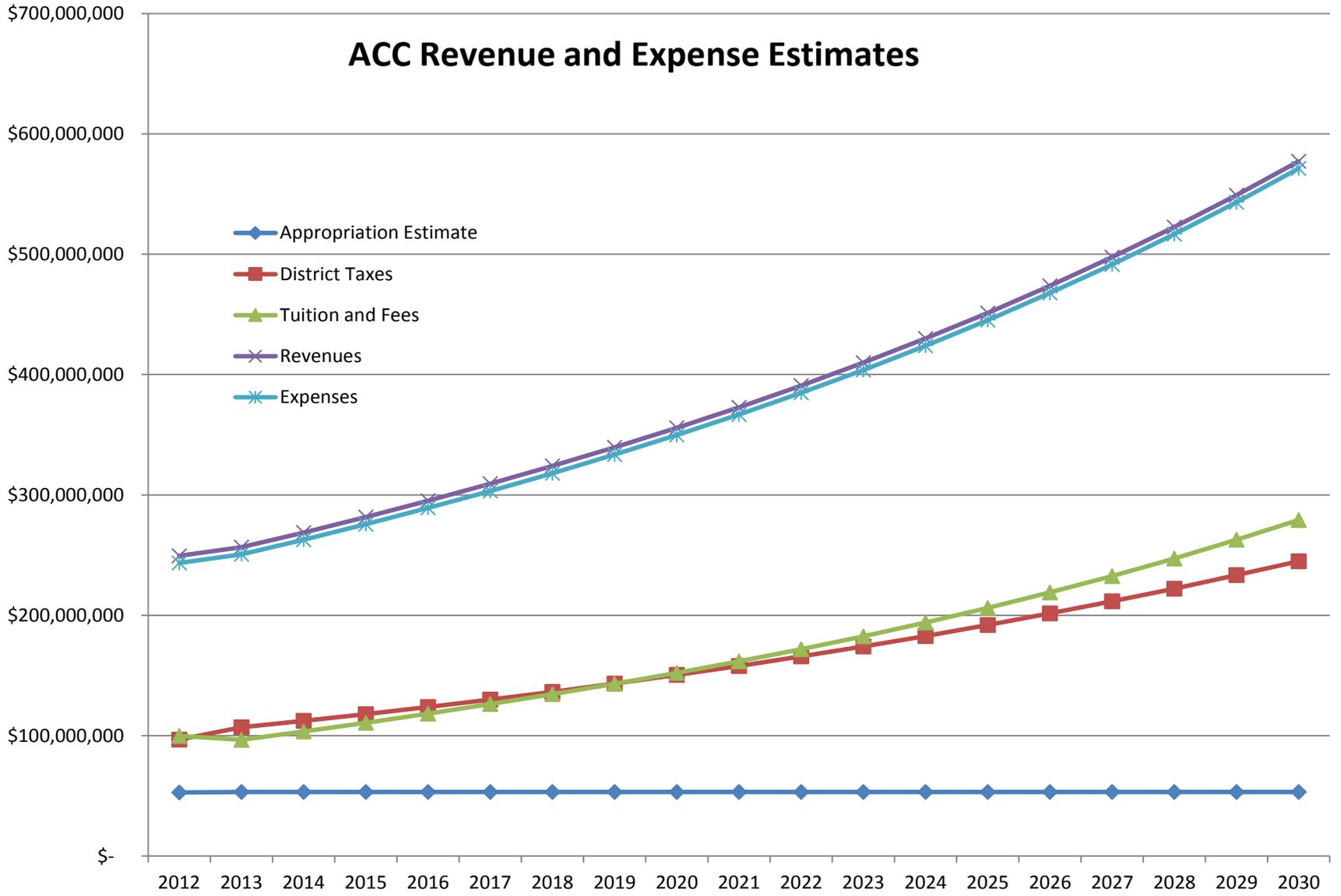
General Budget Development Strategy

1. Strategic Plan Developed by President and Staff, According to:
 - ✓ District Strategies (e.g. Guided Pathways)
 - ✓ State Initiatives (e.g. 60x30TX)
 - ✓ Capital Needs
2. Supporting Budget Developed by President and Staff
3. Board Approves Strategic Plan & Budget

Budget Preparation Process

- Prepare Revenue Estimates.
- Departments prepare and enter budgets in system with a focus on achieving Strategic Plan Goals.
- Budgets reviewed/prioritized by Deans, VP's.
- Budget document prepared by EVP Finance.
- Budget reviewed by President.
- Budget presented to Trustees for approval.

ACC Revenue and Expense Estimates

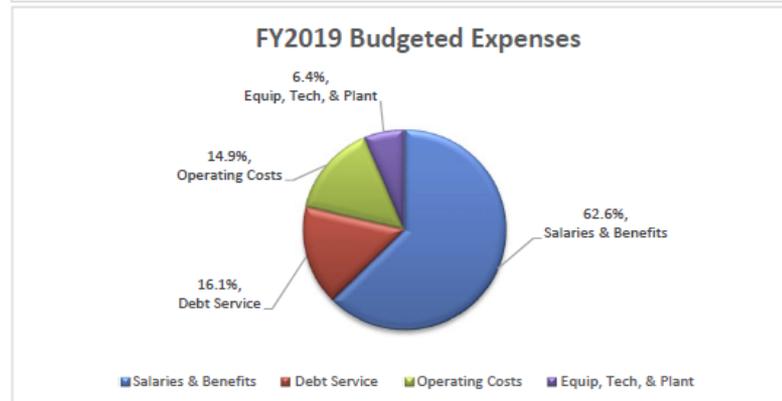
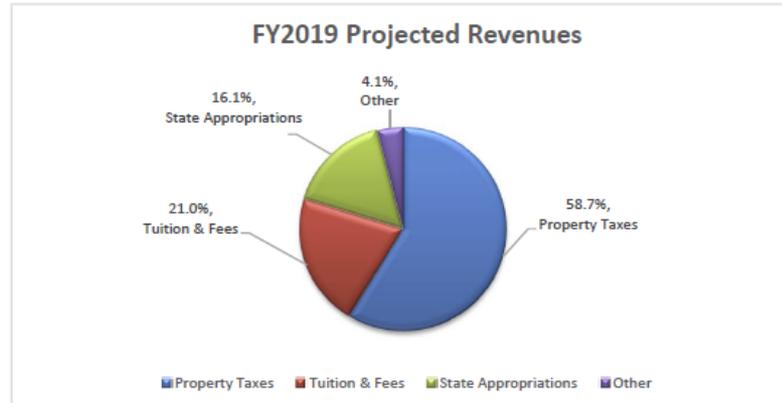


FY2019 OPERATING BUDGET SUMMARY

Revenues	FY2019 Proposed	% of Budget	Expenses	FY2019 Proposed	% of Budget
Property Taxes	\$ 226,103,029	58.7%	Salaries & Benefits	\$ 240,883,176	62.6%
Tuition & Fees	\$ 80,943,372	21.0%	Debt Service	\$ 62,023,588	16.1%
State Appropriations	\$ 62,151,624	16.1%	Operating Costs	\$ 57,404,636	14.9%
Other	\$ 15,750,000	4.1%	Equip, Tech, & Plant	\$ 24,636,625	6.4%
Total Revenue	\$ 384,948,025	100.0%	Total Expenses	\$ 384,948,025	100.0%

FY2019 OPERATING BUDGET SUMMARY (excluding Property Tax Debt Service)

Revenues	FY2019 Proposed	% of Budget	Expenses	FY2019 Proposed	% of Budget
Property Taxes	\$ 196,135,280	55.3%	Salaries & Benefits	\$ 240,883,176	67.9%
Tuition & Fees	\$ 80,943,372	22.8%	Debt Service	\$ 32,055,839	9.0%
State Appropriations	\$ 62,151,624	17.5%	Operating Costs	\$ 57,404,636	16.2%
Other	\$ 15,750,000	4.4%	Equip, Tech, & Plant	\$ 24,636,625	6.9%
Total Revenue	\$ 354,980,276	100.0%	Total Expenses	\$ 354,980,276	100.0%



FY2019 APPROVED TUITION & FEE RATES

Category	FY2018 Approved	FY2019 Approved	Increase/ (Decrease)	% Change	Comments
In District Tuition	67.00	67.00	-	0.0%	No Change
Out of District Tuition	67.00	67.00	-	0.0%	No Change
Out of District Fee	278.00	276.00	(2.00)	-0.7%	Decrease
Out of State Tuition	418.00	416.00	(2.00)	-0.5%	Decrease
General Fee	15.00	15.00	-	0.0%	No Change
Sustainability Fee	1.00	1.00	-	0.0%	No Change
Student Success Fee	2.00	2.00	-	0.0%	No Change

FY2019 PROJECTED REVENUES - OPERATING FUNDS (7/9/2018)

Category	FY2018 Budgeted	FY2018 Projected	FY2019 Projected	Increase/ (Decrease)	% Change	% Of Budget	
In District Tuition	40,792,950	40,678,041	40,792,950	-	0.0%	10.6%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Out of District Tuition	6,633,000	6,400,819	6,566,670	(66,330)	-1.0%	1.7%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Out of State Tuition	8,276,400	7,448,760	7,742,592	(533,808)	-6.4%	2.0%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Repeated Course Tuition	600,000	677,000	600,000	-	0.0%	0.2%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Total Credit Tuition	56,302,350	55,204,620	55,702,212	(600,138)	-1.1%	14.5%	
Out of District Fee	27,522,000	26,766,884	27,050,760	(471,240)	-1.7%	7.0%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
General Fee	10,914,750	10,933,282	10,992,000	77,250	0.7%	2.9%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Student Success Fee	1,455,300	1,457,750	1,465,600	10,300	0.7%	0.4%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Sustainability Fee	727,650	728,893	732,800	5,150	0.7%	0.2%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
Course Fees	3,564,000	4,574,379	4,500,000	936,000	26.3%	1.2%	Adjusted for FY18 Actuals, Items moved from "Other Revenue"
Exemptions/Waivers	(19,500,000)	(19,434,186)	(19,500,000)	-	0.0%	-5.1%	Adjusted for FY18 Actuals, 0% growth, and no rate increase
State Appropriations - Formula	43,743,032	43,754,447	43,743,032	-	0.0%	11.4%	Second Year of Biennium
State Appropriations - HEGI*	10,300,646	10,300,647	10,769,786	469,140	4.6%	2.8%	Second Year of Biennium, Premium Increases
State Appropriations - TRS/ORP**	4,685,625	4,814,930	4,919,906	234,281	5.0%	1.3%	Second Year of Biennium, Salary Increases
State Appropriations - VCT***	438,900	438,900	438,900	-	0.0%	0.1%	Second Year of Biennium
State Appropriations - ACE****	2,280,000	2,280,000	2,280,000	-	0.0%	0.6%	Second Year of Biennium
Property Taxes - M&O	174,676,656	178,304,800	196,135,280	21,458,624	12.3%	51.0%	Adjusted for FY18 Actuals, plus 10% growth
Property Taxes - Debt Service	21,501,399	21,501,399	29,967,749	8,466,350	39.4%	7.8%	Reflects issuance of remaining 2014 GO Bond Program
Indirect Cost Recovery	500,000	535,948	500,000	-	0.0%	0.1%	
Interest/Investment Income	1,000,000	1,600,588	1,600,000	600,000	60.0%	0.4%	Adjusted for FY18 Actuals. Higher interest rates
Other Revenue	3,750,000	3,576,731	4,000,000	250,000	6.7%	1.0%	Adjusted for FY18 Actuals. Some items moved to "Course fees"
Continuing Education	6,500,000	6,029,910	6,500,000	-	0.0%	1.7%	
Sales & Services	1,000,000	1,887,249	1,500,000	500,000	50.0%	0.4%	
Auxiliary - Other	1,400,000	1,774,203	1,650,000	250,000	17.9%	0.4%	Adjusted for FY18 Actuals.
Total Projected Revenues	\$ 352,762,308	\$ 357,031,374	\$ 384,948,025	\$ 32,185,717	9.1%	100.0%	

Notes:

- * HEGI = Higher Education Group Insurance
- ** TRS = Teachers Retirement System
- ** ORP = Optional Retirement Program
- *** VCT = Virtual College of Texas
- ****ACE = Adult Career Education

FY2019 EXPENDITURE SUMMARY (7/9/2018)

Categories	FY2018 Budgeted	FY2018 Projected	FY2018 Adjustments	FY2018 Board Polloy/Aotion	FY2018 New Items	FY2018 Proposed	Increase/ (Decrease)	% Change Budgeted	% Change Projected	% Of Budget
TBD-Campus Expansions/Strategic Plan					2,140,940	2,140,940	2,140,940			0.6%
Employee Costs:										
Full-Time Faculty Salaries	49,002,161	46,905,932	-	1,707,178 ¹⁰		50,709,339	1,707,178	3.5%	3.6%	13.2%
Adjunct Faculty Salaries	29,639,739	29,150,615	(500,000)	974,518 ¹⁰		30,114,257	474,518	1.6%	1.6%	7.8%
Full-Time Faculty Overload	7,613,712	8,652,653	(500,000)	305,187 ¹⁰		7,418,899	(194,813)	-2.6%	-2.3%	1.9%
N-T Faculty Salaries	6,153,757	5,693,208		170,796 ¹⁰		6,324,553	170,796	2.8%	3.0%	1.6%
Hourly Faculty Salaries	101,920	135,227		4,057 ¹⁰		105,977	4,057	4.0%	3.0%	0.0%
AE Instructional Salaries	409,221	310,802		9,324 ¹⁰		418,545	9,324	2.3%	3.0%	0.1%
Stipends/Temp Assignment Pay	1,108,691	1,572,648		47,179 ¹⁰		1,155,870	47,179	4.3%	3.0%	0.3%
Administrative Salaries	8,013,392	8,116,594		243,498 ¹⁰		8,256,890	243,498	3.0%	3.0%	2.1%
Prof-Tech Salaries	35,662,545	34,083,515		1,022,505 ¹⁰		36,685,050	1,022,505	2.9%	3.0%	9.5%
Classified Salaries	45,262,917	42,698,994		1,280,970 ¹⁰		46,543,887	1,280,970	2.8%	3.0%	12.1%
Hourly Wages	10,315,700	9,259,867		560,000 ¹⁰		10,875,700	560,000	5.4%	6.0%	2.8%
Overtime Wages	298,472	434,305		13,029 ¹⁰		311,501	13,029	4.4%	3.0%	0.1%
Employee Benefits	39,278,044	40,595,981	2,684,664 ²			41,962,708	2,684,664	6.8%	6.6%	10.9%
Subtotal	232,880,271	227,810,941	1,884,884	8,338,241	-	240,888,178	8,022,806	3.4%	3.6%	82.8%
Operating Costs:										
Consumable Supplies	6,552,958	6,552,958				6,552,958	-	0.0%	0.0%	1.7%
Travel	1,415,055	1,439,472				1,415,055	-	0.0%	0.0%	0.4%
Operating Expenses	22,037,805	22,564,618	1,000,000 ³			23,037,805	1,000,000	4.5%	4.4%	6.0%
Utilities	5,996,703	5,494,125	-			5,996,703	-	0.0%	0.0%	1.6%
Equipment, Furniture, Books	7,903,825	7,903,825	7,500,000 ⁴			15,403,825	7,500,000	94.9%	94.9%	4.0%
Subtotal	43,906,348	43,964,888	8,600,000	-	-	62,408,348	8,600,000	19.4%	18.3%	13.8%
Transfers:										
To Plant	9,227,650	10,428,845	5,150 ⁵			9,232,800	5,150	0.1%	0.0%	2.4%
To Debt Service (G.O. Tax Bonds)	21,501,399	21,501,399	8,466,350 ⁶			29,967,749	8,466,350	39.4%	39.4%	7.8%
To Debt Service (Revenue Bonds)	12,152,703	12,152,703	1,245,661 ⁷			13,398,364	1,245,661	10.3%	10.3%	3.5%
To Debt Service (PFC Bonds)	15,602,764	14,401,569	3,054,711 ⁸			18,657,475	3,054,711	19.6%	21.2%	4.8%
To TPEG, SEOG, FWS	3,492,535	3,492,535	-			3,492,535	-	0.0%	0.0%	0.9%
To Institutional Advancement	3,000,000	3,000,000	-			3,000,000	-	0.0%	0.0%	0.8%
Subtotal	64,977,061	64,977,061	12,771,872	-	-	77,748,823	12,771,872	19.7%	18.7%	20.2%
Virtual College Of Texas	438,900	318,068	-			438,900	-	0.0%	0.0%	0.1%
Adult Career Education	2,097,600	2,097,600	-			2,097,600	-	0.0%	0.0%	0.5%
Continuing Education	6,500,000	7,420,621	-			6,500,000	-	0.0%	0.0%	1.7%
Sales & Services	1,000,000	1,681,820	500,000			1,500,000	500,000	50.0%	29.7%	0.4%
Auxiliary	982,140	1,664,939	250,000 ⁹			1,232,140	250,000	25.5%	15.0%	0.3%
Subtotal	11,018,640	13,183,048	760,000	-	-	11,788,640	760,000	8.8%	6.7%	3.1%
Total Budgeted Expenses:	\$ 362,782,308	\$ 348,726,458	\$ 23,708,638	\$ 8,338,241	\$ 2,140,940	\$ 384,848,026	\$ 32,185,717	8.1%	8.2%	100.0%
Net Revenue and Expense	\$ -	\$ 7,306,838				\$ -				

FY2019 - FY2028 PROJECTED REVENUES AND EXPENSES
(7/9/2018)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
	Projected										
Projected Revenues											
Tuition and Fees	\$ 87,486,050	\$ 87,443,372	\$ 88,705,167	\$ 90,099,056	\$ 91,516,536	\$ 92,987,995	\$ 94,423,825	\$ 95,914,418	\$ 97,430,217	\$ 98,971,616	\$ 100,539,010
State Appropriation - Formula	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032	43,743,032
State Appropriation - HEGI	10,300,646	10,769,786	11,523,671	12,330,328	13,193,451	14,116,993	15,105,182	16,162,545	17,293,923	18,504,497	19,799,812
State Appropriation - TRS/ORP	4,685,625	4,919,906	5,165,901	5,424,196	5,695,406	5,980,176	6,279,185	6,593,145	6,922,802	7,268,942	7,632,389
State Appropriation - VCT	438,900	438,900	438,900	438,900	438,900	438,900	438,900	438,900	438,900	438,900	438,900
State Appropriation - ACE	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000	2,280,000
Property Taxes - M&O	174,676,656	196,135,280	205,942,044	216,239,146	227,051,104	238,403,659	250,323,842	262,840,034	275,982,035	289,781,137	304,270,194
Property Taxes - Debt Service	21,501,399	29,967,749	29,959,700	29,957,451	29,957,702	29,964,203	29,800,454	29,794,905	29,870,076	29,870,677	29,864,728
Indirect Cost Recovery	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Interest Income	1,000,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Other Revenue	3,750,000	4,000,000	4,080,000	4,161,600	4,244,832	4,329,729	4,416,323	4,504,650	4,594,743	4,686,638	4,780,370
Sales & Services	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Auxiliary Enterprises	1,400,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Total Projected Revenues	\$ 352,762,308	\$ 384,948,025	\$ 397,088,415	\$ 409,923,709	\$ 423,370,962	\$ 437,464,687	\$ 452,060,743	\$ 467,521,627	\$ 483,805,728	\$ 500,795,439	\$ 518,598,436
% Revenue Increase	3.04%	9.12%	3.15%	3.23%	3.28%	3.33%	3.34%	3.42%	3.48%	3.51%	3.55%
Projected Expenditures											
Policy F-10, Employee Compensation	\$ 6,520,528	\$ 6,338,241	\$ 5,750,000	\$ 6,040,950	\$ 6,346,622	\$ 6,667,761	\$ 7,005,150	\$ 7,359,610	\$ 7,732,007	\$ 8,123,246	\$ 8,534,283
Policy G-1[7], Facilities Improvement	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Policy C-9, Sustainability Initiatives	727,650	732,800	739,981	754,781	769,877	785,274	800,980	816,999	833,339	850,006	867,006
Policy G-1[7], Capital Equipment	12,500,000	20,000,000	18,000,000	16,000,000	16,500,000	17,000,000	17,500,000	18,000,000	18,500,000	19,000,000	19,500,000
Policy G-1[1], GO Bond Payments	21,501,399	29,967,749	29,959,700	29,957,451	29,957,702	29,964,203	29,800,454	29,794,905	29,870,076	29,870,677	29,864,728
Policy G-1[1], Revenue Bond Payments	12,152,703	13,398,364	13,243,804	14,028,407	14,428,763	14,611,132	14,443,439	14,442,453	14,447,808	14,446,510	14,445,081
Policy G-1[1], PFC Lease Payments	15,602,764	18,657,475	20,679,818	20,899,612	21,121,066	21,349,308	21,587,019	22,074,331	22,332,109	22,591,304	22,868,693
Policy G-5, Cash Reserves	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Board Policies	\$ 80,505,044	\$ 100,594,629	\$ 99,873,303	\$ 99,181,201	\$ 100,623,970	\$ 101,877,678	\$ 102,637,042	\$ 103,988,299	\$ 105,215,339	\$ 106,381,743	\$ 107,579,791
Balance: Revenue less Board Policies	\$ 272,257,264	\$ 284,353,396	\$ 297,215,112	\$ 310,742,508	\$ 322,746,993	\$ 335,587,008	\$ 349,423,702	\$ 363,533,329	\$ 378,590,389	\$ 394,413,696	\$ 411,018,645
Less: Elections	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
Less: HEGI Benefits	23,036,097	25,187,902	26,951,055	28,837,629	30,856,263	33,016,201	35,327,336	37,800,249	40,446,266	43,277,505	46,306,930
Less: TRS/ORP Retirement Match	10,657,188	11,190,047	11,749,549	12,337,027	12,953,878	13,601,572	14,281,651	14,995,733	15,745,520	16,532,796	17,359,436
Less: Increase In Utilities, Insurance, etc.	433,703	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Less: Faculty Cost due to Enrollment Change	0	(1,000,000)	1,500,000	1,575,900	1,655,641	1,739,416	1,827,430	1,919,898	2,017,045	2,119,108	2,226,335
Less: Increase In TPEG, SEOG, Workstudy	0	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Less: Campus Expansion	1,500,000	1,000,000	2,000,000	1,000,000	0	0	0	0	0	0	0
Less: Strategic Plan & New Operating Costs	853,902	1,140,940	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Less: Current Service Level	227,611,309	235,776,374	245,834,507	253,313,688	264,163,688	274,380,538	283,982,801	293,989,978	304,422,558	315,302,067	326,651,122
Less: Adjustments to Current Service Level	8,165,065	10,058,133	7,479,181	10,850,000	10,216,850	9,602,263	10,007,177	10,432,580	10,879,509	11,349,055	11,842,360
Net Revenues over Expenses	\$ -	\$ -	\$ 100,819	\$ 228,264	\$ 1,300,673	\$ 647,018	\$ 2,397,307	\$ 1,794,890	\$ 3,479,491	\$ 3,233,164	\$ 5,032,461
Tuition Rate Increases											
In-District/Out-of-District Tuition Increase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Out-of-District Fee Increase	\$0	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)
Out-of-State Tuition Increase	\$0	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)
Details of Adjustments to Current Service Level											
Previous years raises from policy F-10	5,750,000	6,520,528	6,338,241	5,750,000	6,040,950	6,346,622	6,667,761	7,005,150	7,359,610	7,732,007	8,123,246
Adjustments for previous years actuals	(744,750)	750,000	0	0	0	0	0	0	0	1	2
Previous years Utilities, Benefits and Insurance	500,000	433,703	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Increase In Faculty due to Increase In Enrollment	0	0	(1,000,000)	1,500,000	1,575,900	1,655,641	1,739,416	1,827,430	1,919,898	2,017,045	2,119,108
Matching Items (TPEG, SEOG, Workstudy)	200,000	0	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Campus Expansion (EGN,HYS)	0	1,500,000	1,000,000	2,000,000	1,000,000	0	0	0	0	0	0
Master Plan/Requests for Current Operations	2,459,815	853,902	1,140,940	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Adjustments to Current Service Level	\$ 8,165,065	\$ 10,058,133	\$ 7,479,181	\$ 10,850,000	\$ 10,216,850	\$ 9,602,263	\$ 10,007,177	\$ 10,432,580	\$ 10,879,509	\$ 11,349,055	\$ 11,842,360

**WHAT DO YOU NEED TO CONSIDER?
PLANNING/BUDGETING**

Planning/Budgeting

Questions to ask

- What are the Board's budget policies?
- Do we have a Master Plan including facilities needs?
- How often is the Master Plan/Strategic Plan updated?
- Is the budget tied to the Master Plan/Strategic Plan?
- How does our budget process work and its timelines?
 - Bottom up? Or Workload Alloc.?
 - Overlays of Cost Savings & Investment Strategies to ensure funding follows mission
- What are the long range implications of today's decisions?
- Are present practices fiscally sustainable long-term?