

The Budgeting Process for Public Community Colleges in Texas

**Texas Higher Education Coordinating Board
Leadership Conference**

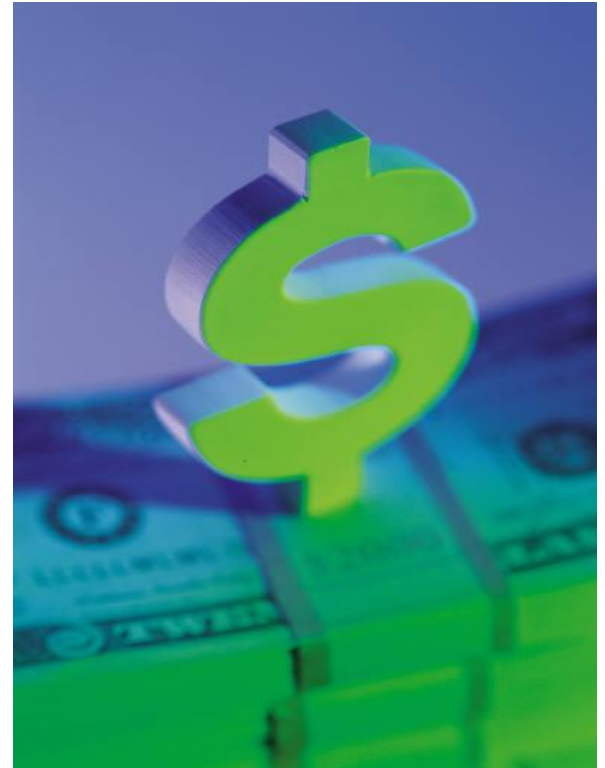
November 30, 2017

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Alamo Colleges District

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Agenda

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



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 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

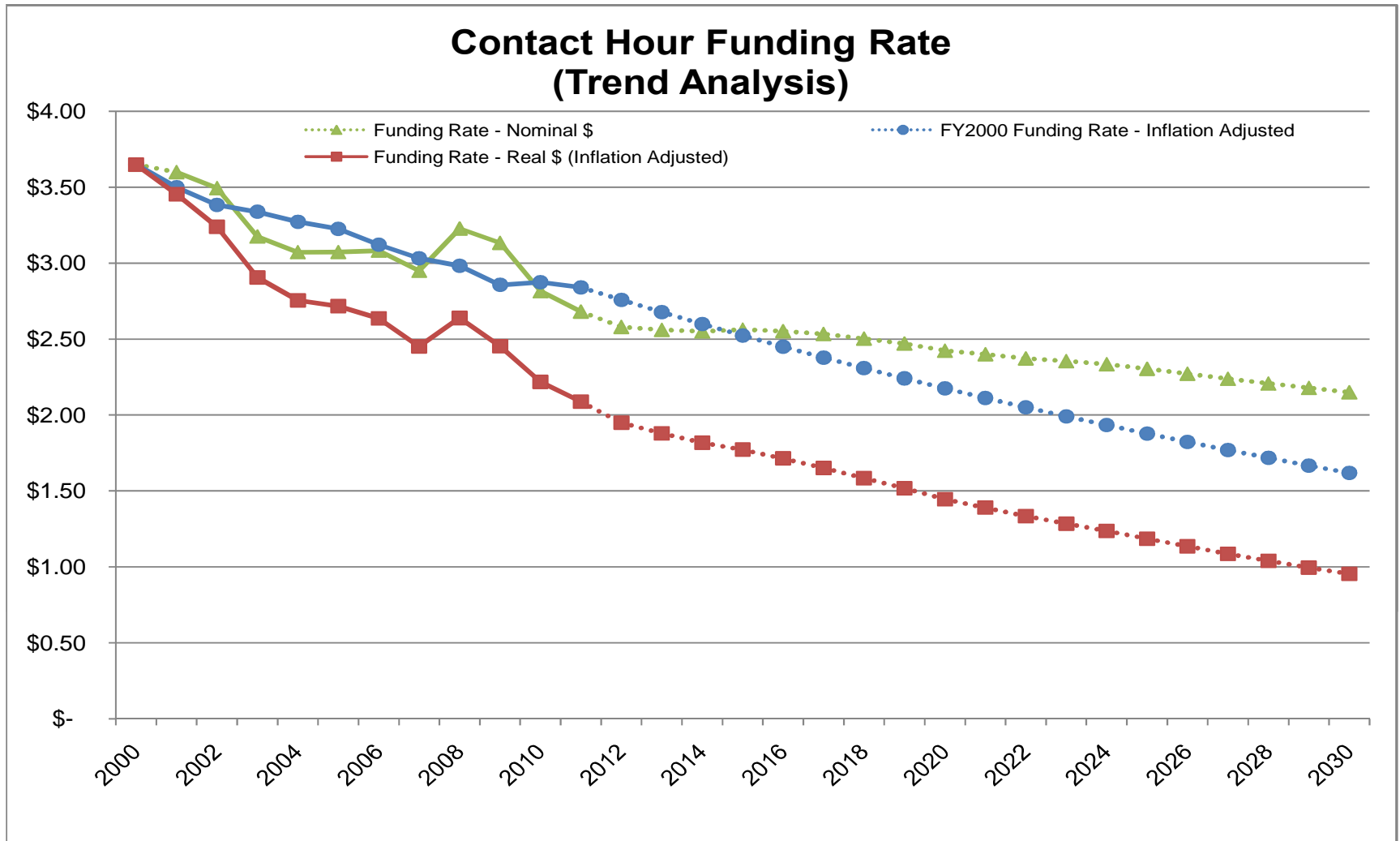
Challenging Times . . .

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



ACADEMIC YEAR 2016-17 TOTAL TAX RATES

Tax Rate Flexibility varied for 50 TEXAS PUBLIC COMMUNITY COLLEGES

**Academic Year 2016-17 Total Tax Rates
Texas Public Community Colleges**

Rank	College District	Total Rate
1	South Plains	0.400000
2	Laredo	0.343000
3	Western Texas	0.330000
4	Howard	0.316163
5	Brazosport	0.280400
6	Frank Phillips	0.270000
7	Del Mar	0.246159
8	Ranger	0.245306
9	Lee	0.245300
10	Panola	0.243340
11	Clarendon	0.230680
12	Vernon	0.230000
13	College of the Mainland	0.208376
14	Amarillo	0.207500
15	Victoria	0.206500
16	Temple	0.205700
17	Odessa	0.204650
18	Tyler	0.199926
19	Alvin	0.191744
20	Coastal Bend	0.185240
21	South Texas	0.185000
22	San Jacinto	0.182379
23	Grayson	0.181300
24	Angelina	0.179160
25	Paris	0.177300

Rank	College District	Total Rate
26	Kilgore	0.175000
27	Galveston	0.170250
28	Southwest Texas	0.160000
29	Texas Southmost	0.158224
30	Cisco	0.151500
31	Alamo	0.149150
32	McLennan	0.148898
33	Tarrant	0.144730
34	Midland	0.137110
35	Wharton	0.137060
36	Central Texas	0.136600
37	Trinity Valley	0.135670
38	El Paso	0.134909
39	Northeast Texas	0.130000
40	Dallas	0.122933
41	North Central Texas	0.121900
42	Weatherford	0.120190
43	Navarro	0.118300
44	Texarkana	0.110718
45	Lone Star	0.107800
46	Austin	0.102000
47	Houston	0.100263
48	Hill	0.093132
49	Collin	0.081222
50	Blinn	0.060100
	State Average	0.18576394

Source: TACC (Texas Assn. of Community Colleges)
Tax and Valuation Survey Results

Fall 2017 Tuition and Fees, Texas Public CCs (FY18)

Tuition and Fee Totals are calculated for a student enrolled in 12 semester hours

Rank	College District	In-District Resident			
		Tuition	Fees	Total	Total/SCH
1	Coastal Bend	840	1,103	1,943	162
2	Laredo	600	1,050	1,650	138
3	Texas Southmost	600	999	1,599	133
4	South Texas	840	628	1,468	122
5	McLennan	1,278	108	1,386	116
6	El Paso	1,128	240	1,368	114
7	Blinn	624	720	1,344	112
8	Del Mar	732	509	1,241	103
9	Frank Phillips	516	719	1,235	103
10	Clarendon	564	648	1,212	101
11	Vernon	600	600	1,200	100
12	Cisco	480	696	1,176	98
13	Wharton	384	792	1,176	98
14	Temple	900	264	1,164	97
15	Tyler	384	754	1,138	95
16	South Plains	348	772	1,120	93
17	Northeast Texas	468	641	1,109	92
18	Southwest Texas	684	411	1,095	91
19	Brazosport	780	306	1,086	91
20	Hill	924	157	1,081	90
21	Central Texas	1,080	0	1,080	90
22	Western Texas	696	384	1,080	90
23	Howard	954	125	1,079	90
24	Alamo	1,032	38	1,070	89
25	Amarillo	564	504	1,068	89

Rank	College District	In-District Resident			
		Tuition	Fees	Total	Total/SCH
26	Midland	768	300	1,068	89
27	Texarkana	588	470	1,058	88
28	Victoria	552	504	1,056	88
29	Ranger	600	455	1,055	88
30	Odessa	768	276	1,044	87
31	Austin	804	216	1,020	85
32	North Central Texas	660	360	1,020	85
33	Angelina	804	204	1,008	84
34	Grayson	600	396	996	83
35	Trinity Valley	432	552	984	82
36	Navarro	504	462	966	81
37	Paris	660	300	960	80
38	Weatherford	960	0	960	80
39	Panola	324	612	936	78
40	Lone Star	528	380	908	76
41	San Jacinto	750	150	900	75
42	Lee	624	259	883	74
43	Kilgore	504	372	876	73
44	Galveston	480	359	839	70
45	Houston	372	444	816	68
46	Alvin	552	259	811	68
47	College of the Mainland	540	207	747	62
48	Dallas	708	0	708	59
49	Tarrant	708	0	708	59
50	Collin	528	26	554	46
	State Average	666	451	1,081	90

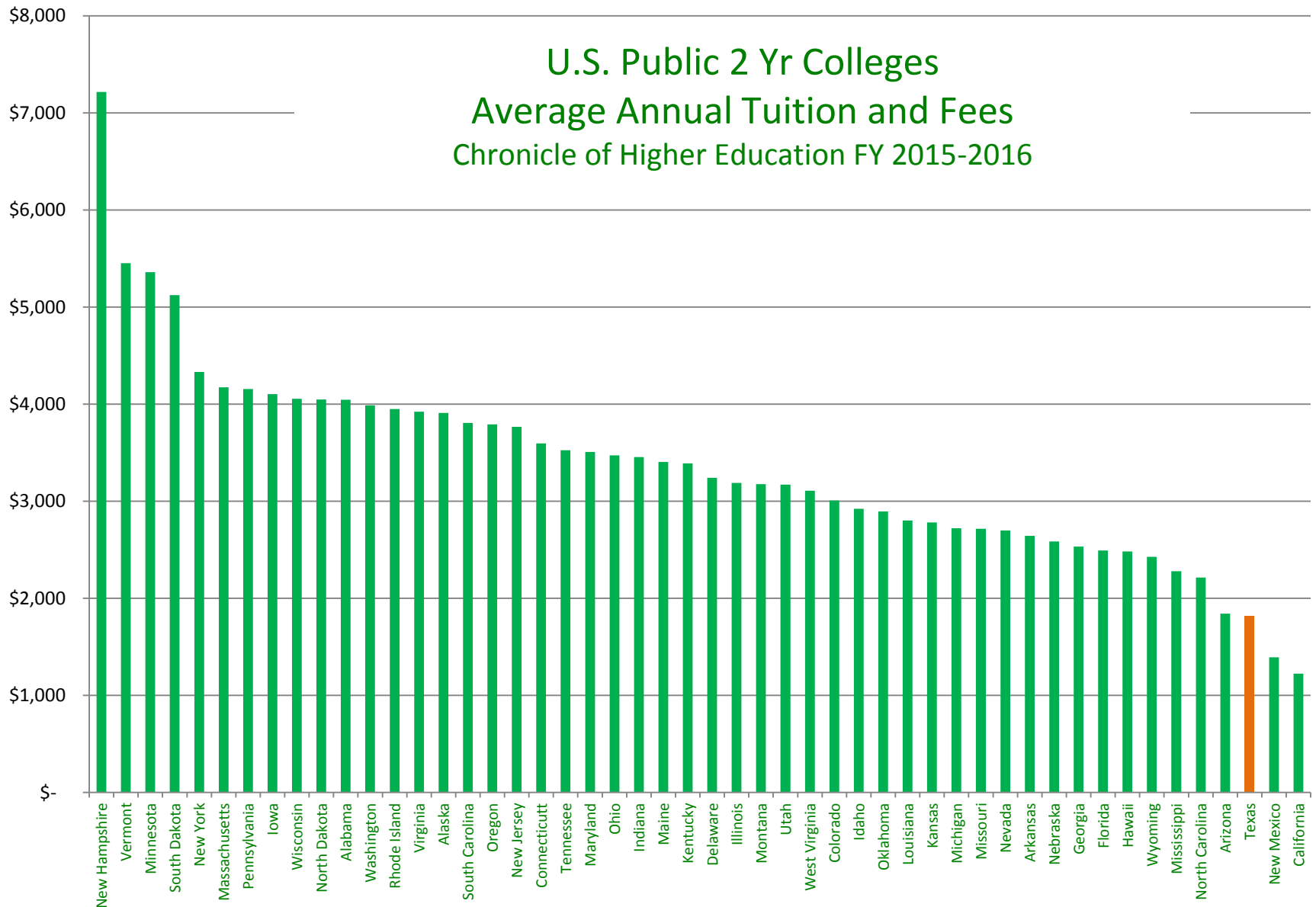
* With the Summer Momentum Program Free 3 credit hours, Alamo is #46 at \$811 (\$68/SCH)

Source: TACC

U.S. Public 2 Yr Colleges

Average Annual Tuition and Fees

Chronicle of Higher Education FY 2015-2016





Austin Community College Budget Process – “One College Concept”

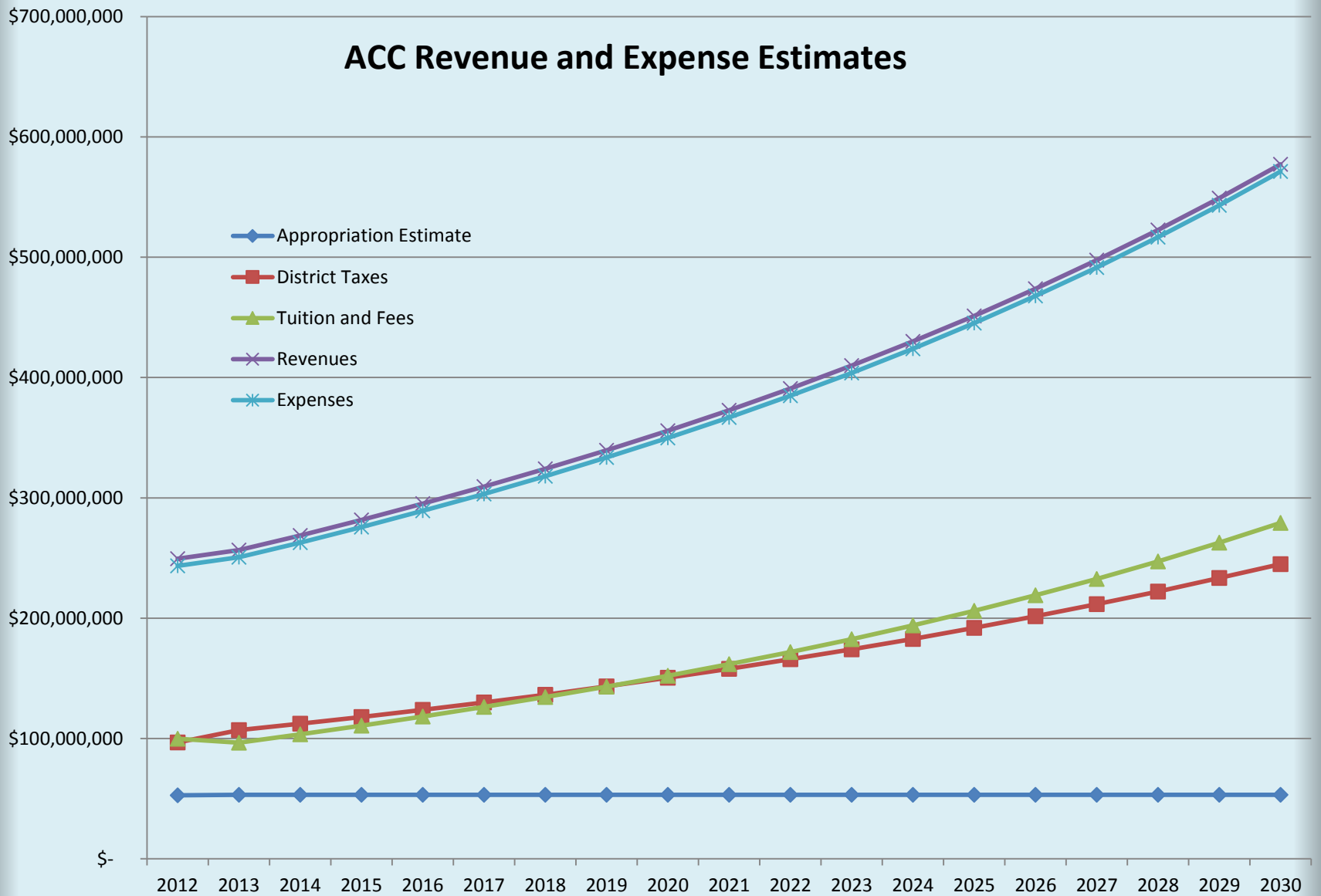
General Budget Development Strategy

1. Master 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 Master Plan & Budget

Budget Preparation Process

- Prepare Revenue Estimates.
- Departments prepare and enter budgets in system.
- Budgets reviewed 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



FY2017 APPROVED TUITION & FEE RATES

Category	FY2016 Approved	FY2017 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	222.00	278.00	56.00	25.2%	Effective Fall 2016
Out of State Tuition	360.00	418.00	58.00	16.1%	Effective Fall 2016
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

FY2017 PROJECTED REVENUES - OPERATING FUNDS (7/5/2016)

Category	FY2016 Approved	FY2016 Projected	FY2017 Projected	Increase/ (Decrease)	% Change	% Of Budget	Comments
In District Tuition	42,328,634	41,224,620	41,557,353	(771,281)	-1.8%	12.1%	Adjusted for FY16 Actuals, 1% growth, and no rate increase
Out of District Tuition	7,078,726	6,853,101	6,934,500	(144,226)	-2.0%	2.0%	Adjusted for FY16 Actuals, 1% growth, and no rate increase
Out of State Tuition	8,270,078	8,141,136	9,605,640	1,335,562	16.1%	2.8%	Adjusted for FY16 Actuals, 1% growth, and rate increase
Repeated Course Tuition	625,000	620,865	625,000	-	0.0%	0.2%	
Total Credit Tuition	58,302,438	56,839,721	58,722,493	420,055	0.7%	17.2%	
Out of District Fee	23,454,882	22,747,708	28,773,000	5,318,118	22.7%	8.4%	Adjusted for FY16 Actuals, 1% growth, and rate increase
General Fee	11,405,936	11,106,365	11,201,085	(204,851)	-1.8%	3.3%	Adjusted for FY16 Actuals, 1% growth
Student Success Fee	1,520,791	1,480,621	1,493,478	(27,313)	-1.8%	0.4%	Adjusted for FY16 Actuals, 1% growth
Sustainability Fee	760,395	740,423	746,739	(13,657)	-1.8%	0.2%	Adjusted for FY16 Actuals, 1% growth
Course Fees	4,000,000	3,700,721	3,750,000	(250,000)	-6.3%	1.1%	
Continuing Education	5,750,000	8,554,345	6,500,000	750,000	13.0%	1.9%	
Exemptions/Waivers	(14,000,000)	(15,359,070)	(17,000,000)	(3,000,000)	21.4%	-5.0%	Adjusted for FY16 Actuals, 1% growth, and rate increase
State Appropriations - Formula	43,791,542	43,707,660	43,707,655	(83,887)	-0.2%	12.8%	Second Year of State Biennium
State Appropriations - HEGI*	9,147,910	9,147,910	9,802,892	654,982	7.2%	2.9%	Second Year of State Biennium
State Appropriations - TRS/ORP**	4,250,000	4,354,038	4,462,500	212,500	5.0%	1.3%	Second Year of State Biennium
State Appropriations - VCT***	481,250	481,250	481,250	-	0.0%	0.1%	Second Year of State Biennium
State Appropriations - ACE****	2,500,000	2,500,000	2,500,000	-	-	0.7%	Second Year of State Biennium
Property Taxes - M&O	136,743,248	142,790,590	157,006,105	20,262,857	14.8%	45.9%	Adjusted for FY16 Actuals, 10% growth
Property Taxes - Debt Service	16,722,843	16,722,843	22,645,405	5,922,562	35.4%	6.6%	Reflects new 2016 GO issuance
Indirect Cost Recovery	500,000	796,064	500,000	-	0.0%	0.1%	
Interest/Investment Income	300,000	565,761	400,000	100,000	33.3%	0.1%	Adjusted for FY16 Actuals
Other Revenue	3,750,000	3,565,296	3,750,000	-	0.0%	1.1%	Adjusted for FY16 Actuals
Sales & Services	2,500,000	2,623,141	2,000,000	(500,000)	-20.0%	0.6%	
Auxiliary - Other	900,000	1,544,581	900,000	-	0.0%	0.3%	
Total Projected Revenues	\$ 312,781,236	\$ 318,610,169	\$ 342,342,602	\$ 29,561,366	9.5%	100.0%	

Notes:

* HEGI = Higher Education Group Insurance

** TRS = Teachers Retirement System

*** ORP = Optional Retirement Program

**** VCT = Virtual College of Texas

FY2017 BUDGETED EXPENSES - 7/5/2016

Function	FY2016 Approved	FY2017 Adjustments	FY2017 Board Policy/Action	FY2017 New Items	FY2017 Proposed	Increase/ (Decrease)	% Change	% Of Budget
Provost/VP Instruction	4,159,925			167,720	4,327,645	167,720	4.0%	1.3%
Credit Programs	99,775,079	-	¹	684,103	100,459,182	684,103	0.7%	29.3%
Continuing Education	5,750,000	750,000	¹		6,500,000	750,000	13.0%	1.9%
Adult Basic Education	1,532,193				1,532,193	-	0.0%	0.4%
Instructional Resources & Technology	5,515,242				5,515,242	-	0.0%	1.6%
Library Services	6,154,501			97,684	6,252,185	97,684	1.6%	1.8%
Student Services	19,817,791			946,588	20,764,379	946,588	4.8%	6.1%
Admissions & Records	3,353,198				3,353,198	-	0.0%	1.0%
Student Assistance/Financial Aid	3,232,200			30,000	3,262,200	30,000	0.9%	1.0%
Learning Labs	5,011,436				5,011,436	-	0.0%	1.5%
Student Life	1,520,792	(27,314)	¹		1,493,478	(27,314)	-1.8%	0.4%
Board of Trustees	142,957			20,000	162,957	20,000	14.0%	0.0%
President	915,716				915,716	-	0.0%	0.3%
Foundation	265,590			50,000	315,590	50,000	18.8%	0.1%
External Affairs	539,006				539,006	-	0.0%	0.2%
Public Information & College Marketing	2,327,797			92,868	2,420,665	92,868	4.0%	0.7%
Institutional Effectiveness & Accountability	1,042,974			50,000	1,092,974	50,000	4.8%	0.3%
Information Technology	7,216,485			50,000	7,266,485	50,000	0.7%	2.1%
Human Resources	2,850,008			50,000	2,900,008	50,000	1.8%	0.8%
Health & Safety	2,322,929				2,322,929	-	0.0%	0.7%
Finance & Budget	6,989,554			30,000	7,019,554	30,000	0.4%	2.1%
College Operations	5,728,259				5,728,259	-	0.0%	1.7%
Campus Police	6,549,295			30,000	6,579,295	30,000	0.5%	1.9%
Facilities	7,183,784			200,000	7,383,784	200,000	2.8%	2.2%
Custodial	3,725,000				3,725,000	-	0.0%	1.1%
Virtual College of Texas (VCT)	481,250	-			481,250	-	0.0%	0.1%
Texas Innovation Adult Career Education (ACE)	2,300,000				2,300,000	-	-	0.7%
Sales & Services	2,500,000	(500,000)	¹		2,000,000	(500,000)	-20.0%	0.6%
Auxiliary - Other	356,240	50,000	¹		406,240	50,000	14.0%	0.1%
General Institutional - Salary Increases	17,200,000			5,750,000	5,750,000	5,750,000		1.7%
General Institutional - Retirement Match	10,000,500	479,112	²		10,479,612	479,112	4.8%	3.1%
General Institutional - Benefits - HEGI Active	16,100,000	1,087,140	²		17,187,140	1,087,140	6.8%	5.0%
General Institutional - Benefits - HEGI Retiree	2,500,000	250,000	²		2,750,000	250,000	10.0%	0.8%
General Institutional - Benefits - Other	5,158,500				5,158,500	-	0.0%	1.5%
General Institutional - Shared Gov/Extra Services	913,200				913,200	-	0.0%	0.3%
General Institutional - TPEG, SEOG, Workstudy	3,292,535	200,000	¹		3,492,535	200,000	6.1%	1.0%
General Institutional - G.O. Bond Debt Service	16,722,843	5,922,562	³		22,645,405	5,922,562	35.4%	6.6%
General Institutional - Rev. Bond Debt Service	11,674,742	(374,449)	³	3,000,000	14,300,293	2,625,551	22.5%	4.2%
General Institutional - PFC Lease Payments	11,600,391	538,486	³		12,138,877	538,486	4.6%	3.5%
General Institutional - Capital Equip./Tech Plan	9,000,000			2,950,523	11,950,523	2,950,523	32.8%	3.5%
General Institutional - Facilities Improvements	4,000,000			5,000,000	9,000,000	5,000,000	125.0%	2.6%
General Institutional - Sustainability Initiatives	760,396	(13,657)	⁴		746,739	(13,657)	-1.8%	0.2%
General Institutional - Operating	3,588,950	250,000	⁵		3,838,950	250,000	7.0%	1.1%
General Institutional - Utilities	5,210,000	250,000	⁵		5,460,000	250,000	4.8%	1.6%
General Institutional - Elections	-	1,000,000	⁶		1,000,000	1,000,000		0.3%
General Institutional - Policy G-5, Cash Reserves	3,000,000	500,000			3,500,000	500,000	16.7%	1.0%
Total Budgeted Expenses	\$ 312,781,236	\$ 10,361,880	\$ 15,700,523	\$ 2,498,963	\$ 342,342,602	\$ 29,561,366	9.5%	100.0%
Net Revenue and Expense	\$ -	\$ 19,199,486	\$ 2,498,963	\$ -	\$ -			

FY2017 - FY2026 PROJECTED REVENUES AND EXPENSES
(7/5/16)

	FY2016 Approved	FY2017 Proposed	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected
Projected Revenues											
Tuition and Fees	\$ 91,194,443	\$ 94,188,795	\$ 97,885,309	\$ 100,480,704	\$ 103,164,322	\$ 105,918,479	\$ 108,839,092	\$ 111,858,813	\$ 114,959,179	\$ 118,264,288	\$ 121,658,853
State Appropriation - Formula	43,791,542	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655	43,707,655
State Appropriation - HEGI	9,147,910	9,802,892	10,489,094	11,223,331	12,008,984	12,849,592	13,749,063	14,711,498	15,741,302	16,843,194	18,022,217
State Appropriation - TRS/ORP	4,250,000	4,462,500	4,685,625	4,919,906	5,165,902	5,424,197	5,695,406	5,980,177	6,279,186	6,593,145	6,922,802
State Appropriation - VCT	481,250	481,250	481,250	481,250	481,250	481,250	481,250	481,250	481,250	481,250	481,250
State Appropriation - ACE	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Property Taxes - M&O	136,743,248	157,006,105	164,856,410	173,099,231	181,754,192	190,841,902	200,383,997	210,403,197	220,923,357	231,969,525	243,568,001
Property Taxes - Debt Service	16,722,843	22,645,405	22,656,405	22,660,055	22,650,505	22,651,005	22,650,143	22,656,980	22,495,018	22,482,793	22,648,338
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	300,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Other Revenue	3,750,000	3,750,000	3,862,500	3,978,375	4,097,726	4,220,658	4,347,278	4,477,696	4,612,027	4,750,388	4,892,899
Sales & Services	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Auxiliary - Other	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Total Projected Revenues	\$ 312,781,236	\$ 342,342,662	\$ 354,924,249	\$ 366,850,908	\$ 379,330,516	\$ 392,394,737	\$ 406,153,885	\$ 420,577,286	\$ 435,498,974	\$ 451,392,237	\$ 468,202,616
% Revenue Increase	10.55%	9.45%	3.68%	3.36%	3.40%	3.44%	3.51%	3.55%	3.50%	3.69%	3.72%
Projected Expenditures											
Policy F-10, Employee Compensation	\$ 7,200,000	\$ 5,750,000	\$ 5,000,000	\$ 5,304,500	\$ 5,627,544	\$ 5,970,261	\$ 6,333,850	\$ 6,719,582	\$ 7,128,804	\$ 7,562,949	\$ 8,023,532
Policy G-1(7), Facilities Improvement	4,000,000	9,000,000	9,000,000	9,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Policy C-9, Sustainability Initiatives	760,396	746,739	761,674	776,907	792,445	808,294	824,460	840,949	857,768	874,923	892,421
Policy G-1(7), Capital Equipment	9,000,000	11,950,523	11,000,000	11,500,000	12,000,000	12,500,000	13,000,000	13,500,000	14,000,000	14,500,000	15,000,000
Policy G-1(1), GO Bond Payments	16,722,843	22,645,405	22,656,405	22,660,055	22,650,505	22,651,005	22,650,143	22,656,980	22,495,018	22,482,793	22,648,338
Policy G-1(1), Revenue Bond Payments	11,674,742	14,300,293	15,152,703	15,334,535	15,182,698	15,965,176	16,364,657	16,547,401	16,381,333	16,376,347	16,383,201
Policy G-1(1), PFC Lease Payments	11,600,391	12,138,877	12,602,764	12,811,400	13,027,113	13,251,039	13,490,228	13,735,219	13,994,220	14,273,045	14,553,903
Policy G-5, Cash Reserves	3,000,000	3,500,000	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	\$ 63,958,372	\$ 80,031,837	\$ 79,173,546	\$ 80,387,397	\$ 78,280,305	\$ 80,145,775	\$ 81,683,338	\$ 83,000,131	\$ 83,857,143	\$ 85,072,067	\$ 86,501,395
Balance: Revenue less Board Policies	248,822,864	\$ 262,310,765	\$ 275,750,703	\$ 286,463,111	\$ 301,050,211	\$ 312,248,962	\$ 324,490,546	\$ 337,577,135	\$ 351,641,830	\$ 366,320,180	\$ 381,700,620
Less: Elections	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	1,000,000
Less: HEGI Benefits	19,102,000	20,439,140	21,869,880	23,440,771	25,038,825	26,791,543	28,666,951	30,673,638	32,820,792	35,118,248	37,576,525
Less: TRS/ORP Retirement Match	9,582,241	10,061,353	10,564,421	11,092,642	11,647,274	12,229,637	12,841,119	13,483,175	14,157,334	14,865,201	15,608,461
Less: Increase in Utilities, Insurance, etc.	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Less: Faculty Increase due to Enrollment Increase	3,000,000	0	1,500,000	1,591,350	1,688,263	1,791,078	1,900,155	2,015,875	2,138,641	2,268,885	2,407,060
Less: Increase in TPEG, SEOG, Workstudy	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Less: Campus Expansion	0	0	1,000,000	2,000,000	2,000,000	0	0	0	0	0	0
Less: Strategic Plan & New Operating Costs	1,087,391	2,498,963	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	207,424,891	215,351,232	227,611,309	236,560,272	245,760,272	256,356,122	267,371,929	278,633,269	289,767,275	297,202,731	308,170,177
Less: Adjustments to Current Service Level	7,926,341	12,260,077	8,948,963	9,200,000	10,595,850	11,015,807	9,461,340	9,904,006	10,435,456	10,967,446	11,531,833
Institutional Advancement	\$ -	\$ -	\$ 2,556,131	\$ (81,925)	\$ 2,619,727	\$ 1,364,774	\$ 2,549,052	\$ 1,937,172	\$ 3,622,331	\$ 3,197,670	\$ 3,706,585
Tuition Rate Increases											
In-District Tuition Increase per Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Out-of-District Fee Increase per Year	\$20	\$56	\$18	\$7	\$7	\$7	\$8	\$8	\$8	\$9	\$9
Out-of-State Tuition Increase per Year	\$17	\$58	\$10	\$0	\$7	\$7	\$7	\$8	\$8	\$9	\$9
Details of Adjustments to Current Service Level											
Previous years raises from policy F-10	3,500,000	7,200,000	5,750,000	5,000,000	5,304,500	5,627,544	5,970,261	6,333,850	6,719,582	7,128,804	7,562,949
Adjustments for previous years actuals	2,455,915	272,686	0	0	0	0	0	0	0	0	0
Previous years Utilities, Benefits and Insurance Adj	500,000	500,000	500,000	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	3,000,000	0	1,500,000	1,591,350	1,688,263	1,791,078	1,900,155	2,015,875	2,138,641	2,268,885
Matching Items (TPEG, SEOG, Workstudy)	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Campus Expansion (EGN/HYS)	1,470,426	0	0	1,000,000	2,000,000	2,000,000	0	0	0	0	0
Master Plan/Requests for Current Operations	0	1,087,391	2,498,963	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	7926341	\$ 12,260,077	\$ 8,948,963	\$ 9,200,000	\$ 10,595,850	\$ 11,015,807	\$ 9,461,340	\$ 9,904,006	\$ 10,435,456	\$ 10,967,446	\$ 11,531,833



Alamo Colleges: Workload Budget Allocation

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) & CH est.
- 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



State Revenue Outlook

Opportunities:

- Increases in Success Points \$/per

Risks:

- Further erosion in Contact Hour \$ per; i.e. flat \$ pool spread to more CH
- Adding more “unfunded mandates” to waive tuition for certain students

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: SB2 Tax Rollback Election

(No Action this Biennium)

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

Expect Leg. To Consider Again Next Biennium (FY20-21)

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



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” FY18 Funding Model

“Formula” Mirror State Appropriation Methodology:

Core (Administrator Contract Salaries, Legal, Board)

SS Point Incentive (Beg. FY19, 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)
(equal to related revenue)**

+ CE “Non-Formula” expense loaded to produce profit (target is \$2M+)

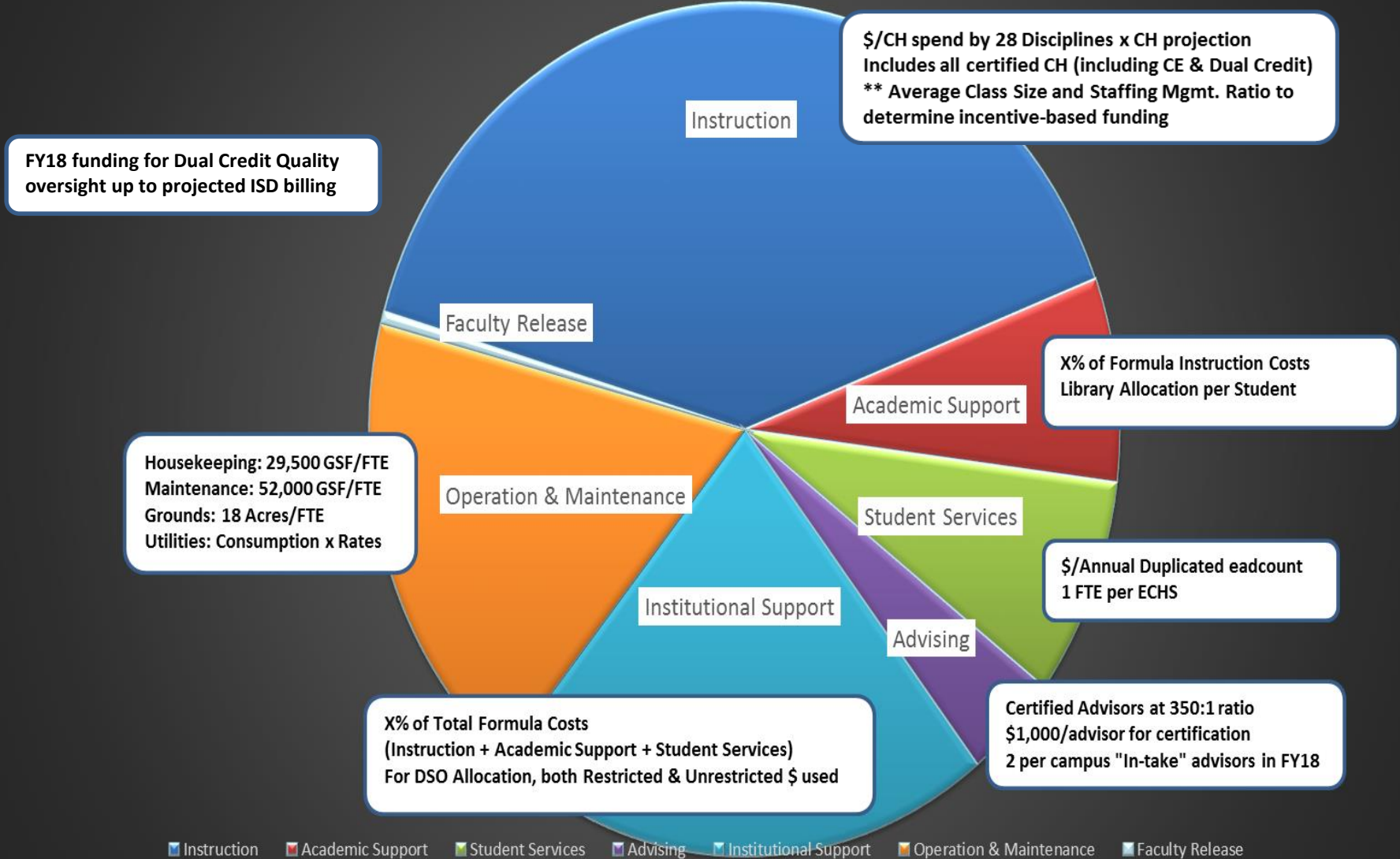
PLUS: new CE FY18 Profit share IF FY17 CE profit > \$2M

+ 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



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

Alamo Colleges: Workload Budget Allocation Model

3. Prior Year Savings Roll into “Rainy Day Fund”

- Reserve 25% for college or department distribution post-audit in January (incentivizes employee saving)
- 75% accumulates and available for future needs

4. Fund Strategic Investments in our Students & Employees

- Student Success
- Operations and Systems
- Employee Compensation and Development

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/>



**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?