

TSTC NORTH TEXAS

LEGISLATIVE APPROPRIATIONS REQUEST



LEGISLATIVE APPROPRIATIONS REQUEST FOR FISCAL YEARS 2018 & 2019

Submitted to the Governor's Office of Budget, Planning
and Policy and the Legislative Budget Board
by Texas State Technical College North Texas
Originally Submitted August 18, 2016

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Administrator's Statement

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In accordance with the instructions, Texas State Technical College (TSTC) submits the following Legislative Appropriations Request (LAR) for fiscal years 2018 and 2019 to the Governor's Office of Budget, Policy, and Planning and the Legislative Budget Board. TSTC's LAR is submitted in a manner consistent with the description of TSTC in Section 135.02 of the Texas Education, including an LAR for the System Administration unit and the College's six campuses.

To ensure efficient and consistent operations, TSTC's operations are structured, planned, and managed statewide and, consequently, the respective LAR administrator statements reflect the common administrative statement for each submission. Budget information reflects the resource allocation for each respective operational unit described above.

The budget information for this LAR relates to TSTC in North Texas.

OVERVIEW OF TSTC

The 84th Legislature marked the 50th Anniversary of Texas State Technical College (TSTC, or the College), recognizing 50 years of the College's successes in adapting to technology advances and responding to Texas' industrial workforce needs by placing more Texans in great paying jobs (Place More Texans). As TSTC celebrated the milestone, the College also began closing out an outdated way of doing business. Recognizing that the entire sector of higher education will not survive doing business "the way we've always done it," TSTC has taken initial bold steps towards becoming a transformed version of higher education. This new, transformed college, the "New TSTC," is characterized by:

- o Education First. The College's most powerful dollar is the one spent on the student learning experience. TSTC will continue offering students more choices for mastering technology with recognition that administrative dollars may mean lost opportunities. In other words, TSTC's focus is to manage administrative overhead so as not to diminish opportunities to enhance the student learning experience and generate economic value, or returns, to the State.
- o Return on Taxpayer Investment. The New TSTC seeks the highest yield when determining resource allocations. As TSTC evaluates its growth potential, it closely examines strategic market opportunities across Texas, and harnesses available statewide resources for maximum impact. Recent developments representing this focus include:
 - o Investment in new markets. Investment in increased capacity is focused on those markets with the greatest potential growth prospects; that is, the markets that will generate the greatest returned value to the State. Since 2011, TSTC has expanded operations in three new markets: Williamson County, Ellis County, and Fort Bend County. The industrial workforce needs in these regions have grown rapidly, consistent with the regions' respective rate of population and economic growth. Further, the College has developed product development protocols, instructional program productivity measurement, and proforma analysis capabilities to support the optimization and prioritization of business development opportunities.
 - o Creation of a sales culture. The College is focused on sales, resembling Philip Kotler's statement "The sales department isn't the whole company, but the whole company better be the sales department." The transition to the New TSTC includes shifting people, structures, and systems from the legacy, bureaucratic/agency predispositions, workflows, and mindsets to an integrated-sales directed organization with specific revenue targets, measurement, and accountability systems. Significant investment has been made in prospect outreach and student experience as the students arrive and navigate the workforce development pipeline, including removal of obstacles on their journey.
 - o Business-to-Business. TSTC has significantly increased emphasis in business development on industrial relations initiatives. The range of related enterprises includes increased capacity in incumbent workforce training and contract services, as well as talent management that includes customized workforce placement services.
 - o Expanding Revenue Mix. To make a significant impact on Texas' growing skills gap, the New TSTC must diversify its revenue streams to supplement and expand upon state appropriations to fund a substantial part of its operation. TSTC's financial health will not be secured solely by cost controls and optimization of legacy revenue streams. Entrepreneurial initiatives such as TSTC's industry relations business-to-business division, TSTC's Center for Employability Outcomes (C4EO), and

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other auxiliary enterprises will expand the mix of revenues for the College. Indeed, statewide revenues will become a key performance metric for TSTC.

- o Results. The New TSTC is driven by results. TSTC's focus on results is reinforced by a shift in the factors that drive appropriations funding as well as TSTC's new entrepreneurial funding pursuits. This results-focus is manifested in following examples:
- o Returned-Value Funding. The Legislature's adoption of the returned-value funding formula is an early milestone in the building of the New TSTC. With the passage of Senate Bill 1 in 2013 from the 83rd Legislature and the implementation of the new funding model, TSTC became the first college system in the nation funded substantially upon student employment outcomes and not educational activities. The returned-value funding model assesses and rewards TSTC for student job placement and earnings (outcomes) rather than contact hours (time in training). While TSTC's returned-value funding model is not expected to fully shelter TSTC from the pressure on state appropriations, it allows flexibility to innovate its product and expand its mix of revenue streams.
- o Program Vitality. During fiscal year 2016, TSTC developed the instructional program vitality model. It is a balanced scorecard aimed at measuring the vitality of programs based on four initial performance measures: enrollment, retention, placement, and first-year income of students. The results of these measures will be used to identify continuous improvement opportunities and influence decisions regarding investment in programs including investments in talent, equipment, and program and related capital expansion. This improves the return on the State's investment.
- o Innovation. The New TSTC is characterized by its courageous innovation. This spirit of innovation is needed because the 21st Century requires a new model for teaching and learning. Technological advances have led to transformational changes in most aspects of life; however, much of the traditions and methods of educational delivery and skill development remain the same. Accordingly, the historical model for higher education will become irrelevant in a matter of years. Like many other industries, the threat to the historical operating model will likely emerge from outside the current higher education industry. The relevance of education providers will depend on their ability to anticipate these changes. Similar to TSTC's approach to the accountability imperative and anticipated state funding issues, the New College will boldly prepare for, innovate, and lead through the sweeping changes that our industry faces.

TSTC's primary innovative initiatives are focused on enhancing the learning delivery process, including the following: development and phase-in of comprehensive competency-based programs, microcredentials/badges, multiple-entry/multiple-exit point (block scheduling) strategy, and software services and customer-facing applications designed to close skill gaps (SkillsEngine developed by the Center for Employability Outcomes).

SIGNIFICANT ISSUES FUNDAMENTAL TO THE BUDGET REQUEST

Return on Capital

The efficiency and effectiveness of higher education is questionable. TSTC is committed to the notion that higher education, and technical education in particular, can be far more efficient and effective, requiring bold action to generate returns expected of related stakeholders.

- o Returned-Value Funding Formula. The impact of the returned-value funding formula policy change remains in the spotlight of policy groups, higher education associations, regulators, rating agencies, and others. This funding method, implemented at the legislative level, is driven by the value of results versus cost-recovery. The funding method necessitates that leadership operates under an imperative to be cost-sensitive, examining all activities to ensure expense structures are optimized. The returned-value funding formula enables the flexibility to become business like and bottom-line focused.
- o Merged Operations. TSTC consolidated operations during the 2016/2017 biennium, creating a single structure for administering the operations of TSTC. The action achieved the targeted objectives of cost containment (mitigate redundant administrative overhead during expansion) and cost reductions, enabling funds to be redirected from redundancies to maximizing instructional operations.

Financial Health and Leverage

- o Funding History. Though TSTC is a mature institution, shaping a "New TSTC" creates financial pressures more consistent with a start-up venture. The College has

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experienced negative free cash flows (use of reserves rather than accumulation of reserves) during this transition period, with cash flows poured into investment in new locations and entrepreneurial pursuits, implementation of practices to address identified compensation issues, restructure and consolidation of operational functions, and investment in innovation.

Rating agencies have recognized that recent financial performance has thinned the College's reserve position, creating a smaller margin for error when it comes to funding strategic investments or paying for unexpected costs. TSTC's bond rating agencies credit the Legislature's substantial support of TSTC and TSTC's consolidation of administrative functions for increased efficiency and effectiveness of operations but look for increased revenues from new locations and stable funding from state appropriations in their scrutiny of TSTC's long-term creditworthiness.

o Infrastructure Funding. Two policy shifts emerged between the 84th and 85th Legislature relating to Infrastructure Funding for TSTC. First, the Texas Higher Education Coordinating Board Formula Advisory Committee recommended incorporation of the TSTC Space Support funding formula into the returned-value formula consistent with the Legislature's directive to further the goal of rewarding job placement and graduate earnings, not time in training or contact hours. Later, the Texas Higher Education Coordinating Board conducted a study of potential new Space Projection Models that influence the Infrastructure Formula Funding strategy. The findings of the new models show TSTC, by mission and design, is different than an academic institution. Specifically, TSTC's programs require both classroom space for lectures and laboratory space for the hands-on training. Students at TSTC spend as much as 60 percent of their time working with equipment in laboratory settings. Consequently, the findings projected an increase in the allocated funding for TSTC based on the model.

Market Performance and Potential

TSTC's operations are scattered across the Texas landscape, including a diversity of markets that vary in student demand and industry demand. Consequently, growth performance and potential vary across TSTC's various offerings. Newer operations are located in regions with growing demand while other locations have growth prospects that are more challenging due to population declines, lower density of populations, and other factors. According to the U.S. Census Bureau, Fort Bend County and Williamson County ranked 4th and 7th across the United States for percentage growth during 2014-2015. Ellis County was 39th. On the other hand, several campuses reside in counties with declining populations during the same period.

60x30TX Higher Education Strategic Plan

In 2015, the Texas Higher Education Coordinating Board announced the 60x30TX Higher Education Strategic Plan with the overarching goal of 60 percent of Texans ages 25-34 attaining a certificate or degree by 2030. TSTC's vision and values support the underlying imperatives within 60x30TX of increasing prosperity for Texans by training and retaining a globally competitive workforce. Indeed, TSTC's rallying cry since 2011 has been "Place More Texans in Great Paying Jobs."

60x30TX Completion Goal. TSTC pivoted its focus toward completion nearly a decade ago dramatically shifting its internal performance measurement at certain locations from enrollment to completion. This was validated by adoption of the returned-value funding formula, making placement and earnings the key economic drivers for TSTC. Consequently, TSTC has seen increasing performance with respect to the statewide goals for completion over the last five years. In that time, TSTC has increased the number of associate degrees and certificates awarded by 571 awards, a 27% increase.

60x30TX Marketable Skills Goal. With respect to the 60x30TX strategy for aligning marketable skills with programs, the Center for Employability Outcomes at TSTC is developing solutions that enable colleges to align curricula with the specific skill requirements of local employers. The Center's purpose is to maximize student employability and increase the supply of qualified graduates. To date, more than 1,300 courses across 83 awards and 26 colleges have been aligned. The Center is now in the process of launching a refined web application with greater capabilities and engaging Texas colleges for broader adoption. This work has been supported by the Texas Higher Education Coordinating Board and is an approved methodology for colleges to validate curriculum across Texas.

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The fourth 60x30TX goal states that by 2030, undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions. The total cost of education for TSTC graduates is extremely affordable, especially relative to the wages earned by its graduates. The average completer earns a salary of \$34,689 during his first year after graduation while his average student loan debt is \$7,059, or 20.3% of first year average earnings.

Bill Pattern Changes

o Working with the staff of the Legislative Budget Board and the Governor's Office of Budget and Planning, this LAR includes new bill patterns proposed for TSTC in Fort Bend and TSTC in North Texas. This reflects actions of the 84th Legislature which designated these two operations as Campuses. It also bolsters transparency and clarity regarding TSTC's funding structure.

BASELINE REDUCTION ADJUSTMENTS

The cumulative affect of the seven reductions across the statewide college is nearly \$1.2 million with the largest impact relating to the \$680,000 reduction of start-up funding for TSTC's newest locations (transition funding supports core teaching, learning, and student service functions, since it is a substitute for Formula Funding because TSTC's results-based formula does not reimburse start-up costs). Cutting the start-up funding at these highest potential locations accounts for nearly 60% of TSTC's overall reduction calculation statewide. Cutting services at these new locations would have a significant impact on TSTC's delivery of services. Consequently, responding to the reduction requires a statewide, strategic approach to mitigate the impact of the reductions to the State.

In this LAR, TSTC has reduced its baseline request in the following strategies:

- o Institutional Enhancement Special Item Support strategy for Harlingen, Marshall, Waco, and West Texas;
- o Start-Up Funding Special Item Support strategy for North Texas and Fort Bend;
- o Instruction/Operations System Office Operations strategy at System Administration.

TSTC's baseline reduction approach is similar to its ongoing budget approach. That is, TSTC will reduce programming/funding based on its appraisal of markets and related program performance and potential across the state. To mitigate the statewide impact of reductions, TSTC will invest first in programs and activities with the highest return potential. Based on the extent of cuts, TSTC will reduce or close services in its lowest performing and lowest potential markets to mitigate the impact of reductions to the returns on the State's investment.

The following reduction considerations would be required under the proposed reductions:

- o Continue reduction efforts for activities not essential to Place More Texans. For example, even though student recreation centers help provide a vibrant student life, TSTC might consider elimination of the activity to mitigate the reduction impact on providing a skilled workforce to Texas.
- o Suspend, or considerably change, the business model for dual credit offerings. TSTC partners with over 100 high schools in offering dual credit; however, it receives no appropriations support for the effort. The dual enrollment effort is extremely important to TSTC but it is an activity that requires significant resources of the College without the ability to recoup the costs.
- o Evaluate markets by recent performance and growth potential. Depending on the reduction request, TSTC would eliminate programming in areas that provide the lowest prospects for return on capital to the State.

EXCEPTIONAL ITEM FUNDING REQUESTS

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Dual Credit – All Campuses. TSTC partners with nearly 100 schools to offer dual credit at the secondary level without receiving appropriations funding for related offerings. TSTC in North Texas partners with both Red Oak ISD and Waxahachie ISD to provide dual credit training. Several factors led to the exclusion of dual credit from the returned value formula. Consequently, TSTC receives no appropriation for this training. Despite that, TSTC continued to offer dual credit programs with a specific emphasis on Career and Technical Education pathway programs. Funding is required to continue offering dual credit offerings.

Transition Funding, Base Reduction Restoration (Waco, Fort Bend, and North Texas bill patterns). Transition funding for the start-up locations are included in the baseline reduction calculation; however, formula items for higher education have been excluded from the related reduction request. Transition funding is a substitute for the formula-funded line items since the returned-value funding formula is outcome based, deriving the formula yield after the teaching event and five years of earnings results. Since it is not a cost-recovery formula, start-up costs require funding from another mechanism. Only after the campus is open, the student navigates the curriculum, and earnings for five years are measured after leaving the College will the formula funding be activated. Consequently, transition funding will begin dissipating 6-8 years after the first cohorts enter the workforce. Due to the operational nature of transition funding, not exempting TSTC transition funding from based reductions is inconsistent with the exemptions to formula-funded appropriations.

Start-up costs for technical training are extraordinarily high because of the space and capital equipment required to deliver the hands-on, industrial training necessary for these new campus locations. This exceptional item request restores that funding to consistently apply the reduction strategy and support essential start up operations.

TSTC SYSTEM GOVERNANCE

TSTC is governed by a nine-person board of regents appointed by the Governor and confirmed by the State. Regents serve staggered six-year terms, with the terms of three members expiring in August of each odd-numbered year. The members of the board, their hometowns, and respective term dates are included within the organization chart submitted with this LAR.

DESCRIPTION OF TEXAS STATE TECHNICAL COLLEGE

TSTC was established more than 50 years ago and operates today as the state-supported technical college with teaching locations across Texas, including Abilene, Breckenridge, Brownwood, Fort Bend County, Harlingen, Marshall, North Texas, Sweetwater, Waco and Williamson County. As a coeducational two-year, multi-campus institution of higher education, TSTC provides innovative and responsive programs and courses of study in technical education for which there is demand in the State of Texas, with emphasis on advanced and emerging technologies.

Texas State Technical College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees and Certificates of Completion. During the 2016/2017 biennium, TSTC consolidated four independently accredited colleges into a single, statewide accreditation structure. TSTC simultaneously merged substantially all operations into a statewide, consolidated, functional structure.

In response to mandates from the 82nd, 83rd, and 84th Legislatures, TSTC became the only college in Texas to adopt a funding model based entirely on student employment outcomes - aligning with its purpose of strengthening Texas with a highly skilled, technically competent workforce.

BACKGROUND CHECKS

Administrator's Statement

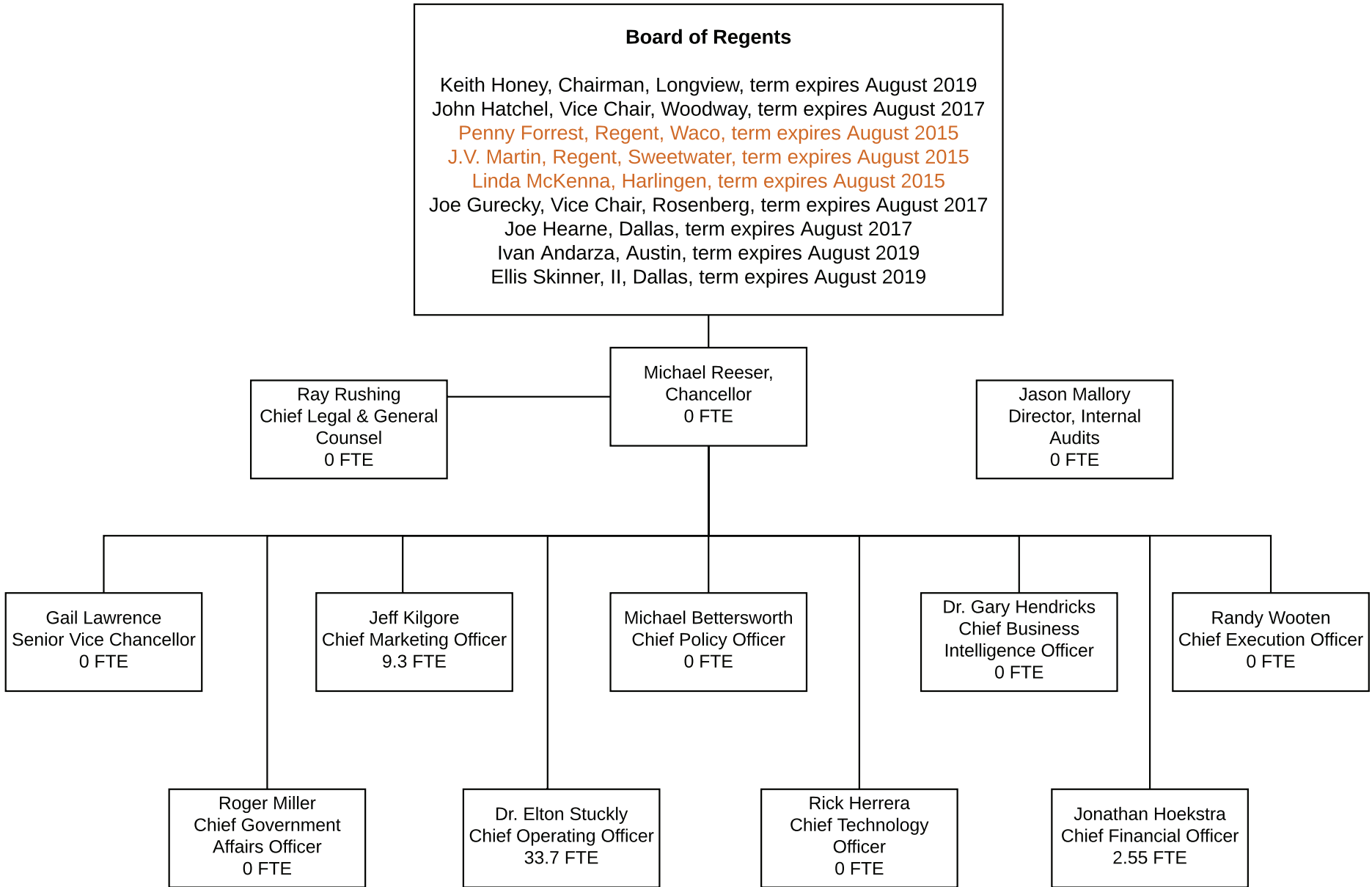
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Criminal history record information is checked for employment applicants under final consideration, following normal screening and selection processes, for security sensitive positions. Security sensitive positions are restricted to those positions described in Texas Education Code § 51.215(c) and Texas Government Code § 411.094(a)(2). Security sensitive positions include those in which employees handle currency, have access to financial records, legal records, medical records, personnel records and student academic records, have access to a master key, or work in an area of the College which has been designated as a security sensitive area.

All advertisements and notices released for security sensitive positions include the statement: "Security Sensitive Position." Upon selection of the best qualified candidate for the position, the candidate may be offered continued employment by the College contingent upon the evaluation of the criminal history record check. If the check produces a criminal record on the candidate, the Human and Organization Development Executive or his/her designee evaluate the record and work with the department head to determine if the employee should be recommended or not recommended for employment. All criminal history information on applicants is privileged and confidential and is not released or otherwise disclosed to any person or agency other than those persons involved in the hiring process with a legitimate need to know this information, except on court order.

LAR - Org Chart - North Texas



Budget Overview - Biennial Amounts
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Appropriation Years: 2018-19

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2018-19
Goal: 1. Provide Instructional and Operations Support											
1.1.6. Texas Public Education Grants				131,096						131,096	
Total, Goal				131,096						131,096	
Goal: 2. Provide Infrastructure Support											
2.1.2. Tuition Revenue Bond Retirement		1,434,825								1,434,825	
2.1.5. Small Institution Supplement											750,000
Total, Goal		1,434,825								1,434,825	750,000
Goal: 3. Provide Special Item Support											
3.1.1. Startup Funding		5,760,000		270,426						6,030,426	240,000
Total, Goal		5,760,000		270,426						6,030,426	240,000
Total, Agency		7,194,825		401,522						7,596,347	990,000
Total FTEs									0.0	35.9	2.4

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
1 Provide Instructional and Operations Support					
1 Provide Instructional and Operations Support					
6 TEXAS PUBLIC EDUCATION GRANTS	0	0	0	65,548	65,548
TOTAL, GOAL 1	\$0	\$0	\$0	\$65,548	\$65,548
2 Provide Infrastructure Support					
1 Provide Operation and Maintenance of E&G Space					
2 TUITION REVENUE BOND RETIREMENT	0	0	0	719,075	715,750
5 SMALL INSTITUTION SUPPLEMENT (1)	0	0	0	0	0
TOTAL, GOAL 2	\$0	\$0	\$0	\$719,075	\$715,750
3 Provide Special Item Support					
1 Instructional Special Item Support					
1 STARTUP FUNDING	0	0	0	3,015,213	3,015,213

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
TOTAL, GOAL 3	\$0	\$0	\$0	\$3,015,213	\$3,015,213
TOTAL, AGENCY STRATEGY REQUEST	\$0	\$0	\$0	\$3,799,836	\$3,796,511
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$0	\$0	\$0	\$3,799,836	\$3,796,511
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	0	0	0	3,599,075	3,595,750
SUBTOTAL	\$0	\$0	\$0	\$3,599,075	\$3,595,750
General Revenue Dedicated Funds:					
770 Est Oth Educ & Gen Inco	0	0	0	200,761	200,761
SUBTOTAL	\$0	\$0	\$0	\$200,761	\$200,761
TOTAL, METHOD OF FINANCING	\$0	\$0	\$0	\$3,799,836	\$3,796,511

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance
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Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>GENERAL REVENUE</u>					
<u>1</u> General Revenue Fund					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2018-2019 GAA)					
	\$0	\$0	\$0	\$3,599,075	\$3,595,750
TOTAL, General Revenue Fund	\$0	\$0	\$0	\$3,599,075	\$3,595,750
TOTAL, ALL GENERAL REVENUE	\$0	\$0	\$0	\$3,599,075	\$3,595,750
<u>GENERAL REVENUE FUND - DEDICATED</u>					
<u>770</u> GR Dedicated - Estimated Other Educational and General Income Account No. 770					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2018-19)					
	\$0	\$0	\$0	\$200,761	\$200,761
TOTAL, GR Dedicated - Estimated Other Educational and General Income Account No. 770	\$0	\$0	\$0	\$200,761	\$200,761
TOTAL GENERAL REVENUE FUND - DEDICATED - 704, 708 & 770	\$0	\$0	\$0	\$200,761	\$200,761

2.B. Summary of Base Request by Method of Finance
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Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$0	\$0	\$0	\$200,761	\$200,761
TOTAL, GR & GR-DEDICATED FUNDS	\$0	\$0	\$0	\$3,799,836	\$3,796,511
GRAND TOTAL	\$0	\$0	\$0	\$3,799,836	\$3,796,511

FULL-TIME-EQUIVALENT POSITIONS

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2018-2019 GAA)	0.0	0.0	0.0	35.9	35.9
TOTAL, ADJUSTED FTES	0.0	0.0	0.0	35.9	35.9

NUMBER OF 100% FEDERALLY FUNDED FTES

2.C. Summary of Base Request by Object of Expense

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OBJECT OF EXPENSE	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1001 SALARIES AND WAGES	\$0	\$0	\$0	\$1,331,208	\$1,331,208
1002 OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$21,216	\$21,216
1005 FACULTY SALARIES	\$0	\$0	\$0	\$1,150,084	\$1,150,084
2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$3,300	\$3,300
2002 FUELS AND LUBRICANTS	\$0	\$0	\$0	\$1,500	\$1,500
2003 CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$22,000	\$22,000
2004 UTILITIES	\$0	\$0	\$0	\$12,000	\$12,000
2005 TRAVEL	\$0	\$0	\$0	\$39,250	\$39,250
2007 RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$9,000	\$9,000
2008 DEBT SERVICE	\$0	\$0	\$0	\$1,079,075	\$1,075,750
2009 OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$65,655	\$65,655
3001 CLIENT SERVICES	\$0	\$0	\$0	\$65,548	\$65,548
OOE Total (Excluding Riders)	\$0	\$0	\$0	\$3,799,836	\$3,796,511
OOE Total (Riders)					
Grand Total	\$0	\$0	\$0	\$3,799,836	\$3,796,511

2.D. Summary of Base Request Objective Outcomes
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<i>Goal/ Objective / Outcome</i>	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1 Provide Instructional and Operations Support <i>1 Provide Instructional and Operations Support</i>					
KEY 1 % of 1st-time, Full-time, Deg or Cert-seeking Students Graduated 3yrs	0.00%	0.00%	0.00%	35.00%	35.00%
KEY 2 Number of Associate Degrees and Certificates Awarded Annually	0.00	0.00	0.00	85.00	90.00
KEY 3 Number of Minority Students Graduated Annually	0.00	0.00	0.00	26.00	27.00
KEY 4 Number of Former Students Found Working One Year After Departing TSTC	0.00	0.00	0.00	0.00	64.00
KEY 5 Percent of Former Students Found Working One Year After Departing TSTC	0.00%	0.00%	0.00%	0.00%	55.00%
6 Total Ann Salary-Former Stdnts Found Working 1 Yr After Departing TSTC	0.00	0.00	0.00	0.00	2,089,074.00

2.E. Summary of Exceptional Items Request
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Agency code: 71G

Agency name: **Technical State Technical College - North Texas**

Priority	Item	2018			2019			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	North Texas Start Up Funding - 4%	\$120,000	\$120,000	2.4	\$120,000	\$120,000	2.4	\$240,000	\$240,000
2	Small Institution Supplement	\$375,000	\$375,000		\$375,000	\$375,000		\$750,000	\$750,000
Total, Exceptional Items Request		\$495,000	\$495,000	2.4	\$495,000	\$495,000	2.4	\$990,000	\$990,000

Method of Financing

General Revenue	\$495,000	\$495,000		\$495,000	\$495,000		\$990,000	\$990,000
General Revenue - Dedicated								
Federal Funds								
Other Funds								
	\$495,000	\$495,000		\$495,000	\$495,000		\$990,000	\$990,000

Full Time Equivalent Positions

2.4

2.4

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 71G	Agency name: Technical State Technical College - North Texas					
Goal/Objective/STRATEGY	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
1 Provide Instructional and Operations Support						
1 <i>Provide Instructional and Operations Support</i>						
6 TEXAS PUBLIC EDUCATION GRANTS	\$65,548	\$65,548	\$0	\$0	\$65,548	\$65,548
TOTAL, GOAL 1	\$65,548	\$65,548	\$0	\$0	\$65,548	\$65,548
2 Provide Infrastructure Support						
1 <i>Provide Operation and Maintenance of E&G Space</i>						
2 TUITION REVENUE BOND RETIREMENT	719,075	715,750	0	0	719,075	715,750
5 SMALL INSTITUTION SUPPLEMENT	0	0	375,000	375,000	375,000	375,000
TOTAL, GOAL 2	\$719,075	\$715,750	\$375,000	\$375,000	\$1,094,075	\$1,090,750
3 Provide Special Item Support						
1 <i>Instructional Special Item Support</i>						
1 STARTUP FUNDING	3,015,213	3,015,213	120,000	120,000	3,135,213	3,135,213
TOTAL, GOAL 3	\$3,015,213	\$3,015,213	\$120,000	\$120,000	\$3,135,213	\$3,135,213
TOTAL, AGENCY STRATEGY REQUEST	\$3,799,836	\$3,796,511	\$495,000	\$495,000	\$4,294,836	\$4,291,511
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$3,799,836	\$3,796,511	\$495,000	\$495,000	\$4,294,836	\$4,291,511

2.F. Summary of Total Request by Strategy
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 71G		Agency name: Technical State Technical College - North Texas				
Goal/Objective/STRATEGY	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
General Revenue Funds:						
1 General Revenue Fund	\$3,599,075	\$3,595,750	\$495,000	\$495,000	\$4,094,075	\$4,090,750
	\$3,599,075	\$3,595,750	\$495,000	\$495,000	\$4,094,075	\$4,090,750
General Revenue Dedicated Funds:						
770 Est Oth Educ & Gen Inco	200,761	200,761	0	0	200,761	200,761
	\$200,761	\$200,761	\$0	\$0	\$200,761	\$200,761
TOTAL, METHOD OF FINANCING	\$3,799,836	\$3,796,511	\$495,000	\$495,000	\$4,294,836	\$4,291,511
FULL TIME EQUIVALENT POSITIONS	35.9	35.9	2.4	2.4	38.3	38.3

2.G. Summary of Total Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

Goal/ Objective / Outcome

	BL 2018	BL 2019	Excp 2018	Excp 2019	Total Request 2018	Total Request 2019
1 Provide Instructional and Operations Support						
1 <i>Provide Instructional and Operations Support</i>						
KEY 1 % of 1st-time, Full-time, Deg or Cert-seeking Students Graduated 3yrs						
	35.00%	35.00%			35.00%	35.00%
KEY 2 Number of Associate Degrees and Certificates Awarded Annually						
	85.00	90.00			85.00	90.00
KEY 3 Number of Minority Students Graduated Annually						
	26.00	27.00			26.00	27.00
KEY 4 Number of Former Students Found Working One Year After Departing TSTC						
	0.00	64.00			0.00	64.00
KEY 5 Percent of Former Students Found Working One Year After Departing TSTC						
	0.00%	55.00%			0.00%	55.00%
6 Total Ann Salary-Former Stdnts Found Working 1 Yr After Departing TSTC						
	0.00	2,089,074.00			0.00	2,089,074.00

3.A. Strategy Request
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 1 Provide Instructional and Operations Support
OBJECTIVE: 1 Provide Instructional and Operations Support
STRATEGY: 1 Instruction and Administration

Service Categories:

Service: 19 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018 ⁽¹⁾	BL 2019 ⁽¹⁾
Output Measures:						
	1 Number of Contact Hours Taught Annually	0.00	0.00	0.00	218,298.00	272,873.00
	2 % of Contact Hours Completed Annually at End of Rpting Period	0.00	0.00	0.00	97.00	97.00
	3 Fall Headcount	0.00	0.00	0.00	255.00	318.00
	4 Number of Minority Students Enrolled Annually	0.00	0.00	0.00	77.00	95.00
KEY	5 Annual Headcount Enrollment	0.00	0.00	0.00	375.00	467.00
	6 Number of Semester Credit Hours Taught Annually	0.00	0.00	0.00	7,261.00	9,076.00
	7 % Semester Credit Hours Completed at the End of the Reporting Period	0.00 %	0.00 %	0.00 %	97.00 %	97.00 %
Efficiency Measures:						
KEY	1 Administrative Cost as a Percent of Operating Budget	0.00 %	0.00 %	0.00 %	8.07 %	8.07 %

TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)

TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)

FULL TIME EQUIVALENT POSITIONS:

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 1 Provide Instructional and Operations Support
 OBJECTIVE: 1 Provide Instructional and Operations Support Service Categories:
 STRATEGY: 1 Instruction and Administration Service: 19 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
					(1)	(1)

STRATEGY DESCRIPTION AND JUSTIFICATION:

In the General Appropriations Act, HB 1, 84th Texas Legislature, Section 11 (page III--224), allocated funding under the Instruction & Operations strategy among Texas State Technical Colleges (TSTC) based on the additional direct and indirect state tax revenues generated as a result of the education provided. This formula furthers the goal of rewarding job placement and graduate earnings projections, not time in training or contact hours. This funding facilitates the provision of industry standard, state-of-the-art education and training in high priority careers.

The formula advisory committee elected to exclude dual credit and continuing education outcomes from the funding formula and determined it would continue to evaluate the appropriateness of their inclusion. In short, TSTC does not receive appropriations funding for dual credit and continuing education.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Texas businesses in key industries are unable to find enough sufficiently trained workers to fill available, middle-skill jobs (those which require credentials between high school and a four-year college degree). Consequently, many Texas employers are left unable to grow and innovate, restricting their ability to compete in the current economy. This growing need for workers in middle-skill occupations is concentrated in the STEM fields, TSTC's primary focus.

According to the U.S. Census Bureau, Ellis County was ranked 39th across the United States for percentage growth during 2014--2015.

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

3.A. Strategy Request
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71G Technical State Technical College - North Texas

GOAL: 1 Provide Instructional and Operations Support
 OBJECTIVE: 1 Provide Instructional and Operations Support
 STRATEGY: 1 Instruction and Administration

Service Categories:

Service: 19 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
					(1)	(1)

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (+)	Baseline Request (+)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)

\$0 Total of Explanation of Biennial Change

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

3.A. Strategy Request
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 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 1 Provide Instructional and Operations Support
 OBJECTIVE: 1 Provide Instructional and Operations Support
 STRATEGY: 6 Texas Public Education Grants

Service Categories:

Service: 20 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
3001	CLIENT SERVICES	\$0	\$0	\$0	\$65,548	\$65,548
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$65,548	\$65,548
Method of Financing:						
770	Est Oth Educ & Gen Inco	\$0	\$0	\$0	\$65,548	\$65,548
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$0	\$0	\$65,548	\$65,548
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$65,548	\$65,548
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$65,548	\$65,548

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

To provide for grants to College students as prescribed by the VTCA 56.037.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The level of funds set-aside from tuition for use under TPEG is directly correlated with total enrollment.

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 1 Provide Instructional and Operations Support
 OBJECTIVE: 1 Provide Instructional and Operations Support
 STRATEGY: 6 Texas Public Education Grants

Service Categories:

Service: 20 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$131,096	\$131,096	\$131,096	North TX is a new campus that was previously reported under TSTC Marshall for Tuition and TPEG purposes, and under TSTC System Administration for General Revenue and FTE purposes.
			\$131,096	Total of Explanation of Biennial Change

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 2 Provide Infrastructure Support
 OBJECTIVE: 1 Provide Operation and Maintenance of E&G Space Service Categories:
 STRATEGY: 2 Tuition Revenue Bond Retirement Service: 10 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
2008	DEBT SERVICE	\$0	\$0	\$0	\$719,075	\$715,750
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$719,075	\$715,750
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$719,075	\$715,750
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$719,075	\$715,750
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$719,075	\$715,750
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$719,075	\$715,750

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy is essential for the College to meet the annual debt service requirements for the Tuition Revenue Bonds issued during FY 2016, as authorized by the 84th Texas Legislature. The FY 2016 TRB was issued at a lower interest rate than expected, thereby resulting in savings for the state.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

TRB funds used for a new building has enabled the college to better serve the needs of students in technical education.

3.A. Strategy Request
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 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 2 Provide Infrastructure Support
 OBJECTIVE: 1 Provide Operation and Maintenance of E&G Space Service Categories:
 STRATEGY: 2 Tuition Revenue Bond Retirement Service: 10 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$1,434,825	\$1,434,825	\$1,434,825	This debt service was appropriated in HB100 to the THECB. It was transferred to TSTC Marshall for the benefit of North Texas TRB.
			<u>\$1,434,825</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
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 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 2 Provide Infrastructure Support
 OBJECTIVE: 1 Provide Operation and Maintenance of E&G Space Service Categories:
 STRATEGY: 5 Small Institution Supplement Service: 19 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	(1) BL 2018	(1) BL 2019
Objects of Expense:						
2004	UTILITIES	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$0	\$0

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Small Institution Supplement strategy provides \$750,000 during a biennium for institutions that enroll less than 5,000 students (phased out between 5,000 and 10,000), recognizing that institutions have a minimum cost of operation that may not be covered by funds generated through the formulas. The 84th Texas Legislature in Texas Education Code (TEC), section 135.02(a), authorized designation of TSTC in North Texas as a campus. Under the criteria established by the 81st Legislature, this new campus qualifies for Small Institution Supplement funding.

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

3.A. Strategy Request
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 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 2 Provide Infrastructure Support
 OBJECTIVE: 1 Provide Operation and Maintenance of E&G Space
 STRATEGY: 5 Small Institution Supplement

Service Categories:
 Service: 19 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
					(1)	(1)

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

These funds will be directed to cover the costs of utilities and building maintenance.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$0	\$0	\$0	No change.
			<u>\$0</u>	Total of Explanation of Biennial Change

(1) - Formula funded strategies are not requested in 2018-19 because amounts are not determined by institutions.

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

GOAL: 3 Provide Special Item Support
 OBJECTIVE: 1 Instructional Special Item Support
 STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
1001	SALARIES AND WAGES	\$0	\$0	\$0	\$1,331,208	\$1,331,208
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$21,216	\$21,216
1005	FACULTY SALARIES	\$0	\$0	\$0	\$1,150,084	\$1,150,084
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$3,300	\$3,300
2002	FUELS AND LUBRICANTS	\$0	\$0	\$0	\$1,500	\$1,500
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$22,000	\$22,000
2004	UTILITIES	\$0	\$0	\$0	\$12,000	\$12,000
2005	TRAVEL	\$0	\$0	\$0	\$39,250	\$39,250
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0	\$9,000	\$9,000
2008	DEBT SERVICE	\$0	\$0	\$0	\$360,000	\$360,000
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$65,655	\$65,655
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$3,015,213	\$3,015,213
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$2,880,000	\$2,880,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$2,880,000	\$2,880,000

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
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71G Technical State Technical College - North Texas

GOAL: 3 Provide Special Item Support
 OBJECTIVE: 1 Instructional Special Item Support
 STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Method of Financing:						
770	Est Oth Educ & Gen Inco	\$0	\$0	\$0	\$135,213	\$135,213
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$0	\$0	\$135,213	\$135,213
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,015,213	\$3,015,213
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$3,015,213	\$3,015,213
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	35.9	35.9
STRATEGY DESCRIPTION AND JUSTIFICATION:						

3.A. Strategy Request
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71G Technical State Technical College - North Texas

GOAL: 3 Provide Special Item Support
 OBJECTIVE: 1 Instructional Special Item Support
 STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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TSTC’s funding model for Instruction and Administration, the “returned value” (RTV) funding model, only funds results; consequently, it does not provide funding for start-up operations like other cost-reimbursement (e.g., contact-hour based) models. RTV funding returns a portion of the economic value to the state generated from wages earned (over five years) by former students. Consequently, there is an 8-10 year inherent lag between the campus start-up, teaching event, the students’ 5-year earnings contribution, the funding formula measurement, and the allocation through appropriations funding. For start-up locations, significant costs accumulate during this time.

Basic start-up costs include, but are not limited to, operations personnel, debt service on financed equipment (TSTC’s programs require costly, industrial equipment), and consumables (many programs have significant consumable cost, such as welding rods), and advertising costs. Start-up administrative costs are mitigated by TSTC’s centralized administration structure.

As student earnings begin to reach the end of the 5-year measurement period, the funding formula will recognized these results and the need for transition funding will decline.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. Strategy Request
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71G Technical State Technical College - North Texas

GOAL: 3 Provide Special Item Support
 OBJECTIVE: 1 Instructional Special Item Support
 STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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Enrollment at the start-up location appears to be doubling year-after-year for the last two years, consistent with the rate of growth expected for the start-up.

Creation of Night and weekend cohorts with emphasis on non-traditional markets to round out the College's recruitment strategies.

Texas Workforce Commission (TWC) Skills Development Fund (SDF) grant for workforce training at Chaparral Steel (\$431,012).

TWC SDF grant for a consortium of Ellis County companies (\$617,862).

Chaparral Steel scholarships for employees to attend TSTC in North Texas.

A \$637,082 TWC Fast Start III grant supports Competency Based Education North Texas, Harlingen and Marshall.

Restructured administration under new, statewide administrative structure, including elimination of 3 vice president positions to shift effort and resource investment to core, educational services.

Actively participating as a member of the community through the Red Oak Chamber of Commerce, Waxahachie Chamber of Commerce, Best Southwest Partnership, and engagement with Red Oak and the surrounding cities.

Forged relationships with surrounding ISDs.

3.A. Strategy Request
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71G Technical State Technical College - North Texas

GOAL: 3 Provide Special Item Support
 OBJECTIVE: 1 Instructional Special Item Support
 STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$0	\$6,030,426	\$6,030,426	\$6,030,426	North TX is a new campus that was previously reported under TSTC Marshall for Tuition and TPEG purposes, and under TSTC System Administration for General Revenue and FTE purposes.
			<u>\$6,030,426</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
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SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$0	\$0	\$0	\$3,799,836	\$3,796,511
METHODS OF FINANCE (INCLUDING RIDERS):				\$3,799,836	\$3,796,511
METHODS OF FINANCE (EXCLUDING RIDERS):	\$0	\$0	\$0	\$3,799,836	\$3,796,511
FULL TIME EQUIVALENT POSITIONS:	0.0	0.0	0.0	35.9	35.9

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
85th Regular Session, Agency Submission, Version 1

Agency Code: 71G		Agency: TSTC North Texas				Prepared By: Isabel Weeden					
Date: August 17, 2016						16-17 Base	Requested 2018	Requested 2019	Biennial Total 18-19	Biennial Difference	
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name					\$	%
1	Provide Instructional and Operations Support	1.1.6	Texas Public Education Grants	1.1.6.1	Grants to College Students	\$0	65,548	65,548	131,096	131,096	
2	Provide Infrastructure Support	2.1.2	Tuition Revenue Bond Retirement	2.1.2.1	Tuition Revenue Bond Debt Service	\$0	719,075	715,750	1,434,825	1,434,825	
2	Provide Infrastructure Support	2.1.5	Small Institution Supplement	2.1.5.1	Exceptional Item - Finance		375,000	375,000	750,000	750,000	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.4	North Texas - Finance		321,898	321,898	643,796	643,796	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.5	North Texas - Integrated Marketing		742,841	742,841	1,485,682	1,485,682	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.6	North Texas - Instructional Operations		1,928,732	1,928,732	3,857,464	3,857,464	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.7	North Texas - Governance & Regulation		14,242	14,242	28,484	28,484	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.8	North Texas - Information Technology		7,500	7,500	15,000	15,000	
3	Provide Special Item Support	3.1.1	Start Up Funding	3.1.1.6	Exceptional Item - Instructional Operations		120,000	120,000	240,000	240,000	

4.A. Exceptional Item Request Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G**

Agency name:

Technical State Technical College - North Texas

CODE	DESCRIPTION	Excp 2018	Excp 2019
	Item Name: North Texas Start Up Funding - Restoration of 4%		
	Item Priority: 1		
	IT Component: No		
	Anticipated Out-year Costs: Yes		
	Involve Contracts > \$50,000: No		
	Includes Funding for the Following Strategy or Strategies: 03-01-01 Startup Funding		

OBJECTS OF EXPENSE:

1005	FACULTY SALARIES	120,000	120,000
TOTAL, OBJECT OF EXPENSE		\$120,000	\$120,000

METHOD OF FINANCING:

1	General Revenue Fund	120,000	120,000
TOTAL, METHOD OF FINANCING		\$120,000	\$120,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

2.40	2.40
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DESCRIPTION / JUSTIFICATION:

Transition funding for the start-up locations is included in the baseline reduction calculation; however, formula items for higher education have been excluded from the related reduction request. Because transition funding is a substitute for strategies that are within the formula-driven strategies, inclusion of transition funding in the base reduction calculation is inconsistent with other exemptions.

EXTERNAL/INTERNAL FACTORS:

Transition funding is a substitute for the formula-funded line items since the returned-value funding formula is outcome based, deriving the formula yield after the teaching event and five trailing years of earnings results. Since it is not a cost-recovery formula, start-up costs require funding from another mechanism. Only after (1) the campus is open, (2) the student navigates the curriculum, and (3) earnings for five years are measured after leaving TSTC will the formula funding be activated. Consequently, transition funding will begin dissipating 6-8 years after the first cohorts enter the workforce. Due to the operational nature of transition funding, not exempting TSTC transition funding from based reductions is inconsistent with the exemptions to formula-funded appropriations.

Start-up costs for technical training are extraordinarily high because of the space and capital equipment required to deliver the hands-on, industrial training necessary for these new campus locations. This exceptional item request restores that funding to consistently apply the reduction strategy and support essential start up operations.

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Faculty salaries are the largest component of the continuing costs. TSTC North Texas is anticipated to continue their increase in enrollment, which will require maintaining the funds to pay the necessary faculty salaries.

4.A. Exceptional Item Request Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G**

Agency name:

Technical State Technical College - North Texas

CODE	DESCRIPTION	Excp 2018	Excp 2019
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ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2020	2021	2022
\$120,000	\$120,000	\$120,000

4.A. Exceptional Item Request Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G**

Agency name:

Technical State Technical College - North Texas

CODE	DESCRIPTION	Excp 2018	Excp 2019
	Item Name: Small Institution Supplement		
	Item Priority: 2		
	IT Component: No		
	Anticipated Out-year Costs: Yes		
	Involve Contracts > \$50,000: No		
	Includes Funding for the Following Strategy or Strategies: 02-01-05 Small Institution Supplement		
 OBJECTS OF EXPENSE:			
2004	UTILITIES	120,000	120,000
2009	OTHER OPERATING EXPENSE	255,000	255,000
TOTAL, OBJECT OF EXPENSE		\$375,000	\$375,000
 METHOD OF FINANCING:			
1	General Revenue Fund	375,000	375,000
TOTAL, METHOD OF FINANCING		\$375,000	\$375,000

DESCRIPTION / JUSTIFICATION:

The Small Institution Supplement strategy provides \$750,000 during a biennium for institutions that enroll less than 5,000 students (phased out between 5,000 and 10,000), recognizing that institutions have a minimum cost of operation that may not be covered by funds generated through the formulas. The 84th Texas Legislature in Texas Education Code (TEC), section 135.02(a), authorized designation of TSTC in [North Texas or Fort Bend County] as a campus. Under the criteria established by the 81st Legislature, this new campus qualifies for Small Institution Supplement funding.

EXTERNAL/INTERNAL FACTORS:

Utility costs will be much higher in FY 2018 due to the completed construction of the instructional building. Related maintenance will be higher than prior years due to this reason as well.

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Enrollment is expected to steadily increase at TSTC North Texas, however it is not anticipated to exceed the 5,000 before Fiscal Year 2022. This much needed funding assistance will be deployed to facilities costs, which will allow more funding to be directed specifically towards instruction.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2020	2021	2022
\$375,000	\$375,000	\$375,000

4.B. Exceptional Items Strategy Allocation Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

Code	Description	Excp 2018	Excp 2019
Item Name: North Texas Start Up Funding - Restoration of 4%			
Allocation to Strategy: 3-1-1 Startup Funding			
OBJECTS OF EXPENSE:			
1005	FACULTY SALARIES	120,000	120,000
TOTAL, OBJECT OF EXPENSE		\$120,000	\$120,000
METHOD OF FINANCING:			
1	General Revenue Fund	120,000	120,000
TOTAL, METHOD OF FINANCING		\$120,000	\$120,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		2.4	2.4

4.B. Exceptional Items Strategy Allocation Schedule
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

Code	Description	Excp 2018	Excp 2019
Item Name: Small Institution Supplement			
Allocation to Strategy: 2-1-5 Small Institution Supplement			
OBJECTS OF EXPENSE:			
2004	UTILITIES	120,000	120,000
2009	OTHER OPERATING EXPENSE	255,000	255,000
TOTAL, OBJECT OF EXPENSE		\$375,000	\$375,000
METHOD OF FINANCING:			
1	General Revenue Fund	375,000	375,000
TOTAL, METHOD OF FINANCING		\$375,000	\$375,000

4.C. Exceptional Items Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **71G** Agency name: **Technical State Technical College - North Texas**

GOAL: 2 Provide Infrastructure Support

OBJECTIVE: 1 Provide Operation and Maintenance of E&G Space

STRATEGY: 5 Small Institution Supplement

Service Categories:

Service: 19 Income: A.1 Age: B.3

CODE DESCRIPTION	Excp 2018	Excp 2019
OBJECTS OF EXPENSE:		
2004 UTILITIES	120,000	120,000
2009 OTHER OPERATING EXPENSE	255,000	255,000
Total, Objects of Expense	\$375,000	\$375,000
METHOD OF FINANCING:		
1 General Revenue Fund	375,000	375,000
Total, Method of Finance	\$375,000	\$375,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Small Institution Supplement

4.C. Exceptional Items Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **71G** Agency name: **Technical State Technical College - North Texas**

GOAL: 3 Provide Special Item Support

OBJECTIVE: 1 Instructional Special Item Support

STRATEGY: 1 Startup Funding

Service Categories:

Service: NA Income: NA Age: NA

CODE DESCRIPTION	Excp 2018	Excp 2019
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OBJECTS OF EXPENSE:

1005 FACULTY SALARIES

120,000

120,000

Total, Objects of Expense

\$120,000

\$120,000

METHOD OF FINANCING:

1 General Revenue Fund

120,000

120,000

Total, Method of Finance

\$120,000

\$120,000

FULL-TIME EQUIVALENT POSITIONS (FTE):

2.4

2.4

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

North Texas Start Up Funding - Restoration of 4%

General Revenue (GR) & General Revenue Dedicated (GR-D) Baseline

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code:

Agency name: **Technical State Technical College - North Texas**

GR Baseline Request Limit = \$5,760,000

GR-D Baseline Request Limit = \$0

Strategy/Strategy Option/Rider				2018 Funds				2019 Funds				Biennial	Biennial	Page #
FTEs	Total	GR	Ded	FTEs	Total	GR	Ded	Cumulative GR	Cumulative Ded					
0.0				0.0				*****GR-D Baseline Request Limit=\$0*****						
Strategy: 1 - 1 - 6	Texas Public Education Grants													
0.0	65,548	0	65,548	0.0	65,548	0	65,548	0	131,096					
Strategy: 2 - 1 - 2	Tuition Revenue Bond Retirement													
0.0	719,075	719,075	0	0.0	715,750	715,750	0	1,434,825	131,096					
0.0				0.0				*****GR Baseline Request Limit=\$5,760,000*****						
Strategy: 3 - 1 - 1	Startup Funding													
35.9	3,015,213	2,880,000	135,213	35.9	3,015,213	2,880,000	135,213	7,194,825	401,522					
Excp Item: 1	North Texas Start Up Funding - Restoration of 4%													
2.4	120,000	120,000	0	2.4	120,000	120,000	0	7,434,825	401,522					
Strategy Detail for Excp Item: 1														
Strategy: 3 - 1 - 1	Startup Funding													
2.4	120,000	120,000	0	2.4	120,000	120,000	0							
Excp Item: 2	Small Institution Supplement													
0.0	375,000	375,000	0	0.0	375,000	375,000	0	8,184,825	401,522					
Strategy Detail for Excp Item: 2														
Strategy: 2 - 1 - 5	Small Institution Supplement													
0.0	375,000	375,000	0	0.0	375,000	375,000	0							
38.3	\$4,294,836	\$4,094,075	\$200,761	38.3	\$4,291,511	\$4,090,750	200,761							

6.A. Historically Underutilized Business Supporting Schedule
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **71G** Agency: **Technical State Technical College - North Texas**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2014 - 2015 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2014			Total Expenditures FY 2014		HUB Expenditures FY 2015			Total Expenditures FY 2015	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2015		
11.2%	Heavy Construction	11.2 %	0.0%	-11.2%	\$0	\$167,006	11.2 %	3.1%	-8.1%	\$1,465	\$47,971	
21.1%	Building Construction	21.1 %	3.2%	-17.9%	\$345,542	\$10,944,839	21.1 %	1.3%	-19.8%	\$60,283	\$4,728,831	
32.9%	Special Trade	32.7 %	9.5%	-23.2%	\$483,251	\$5,068,462	32.9 %	10.2%	-22.7%	\$789,028	\$7,768,539	
23.7%	Professional Services	23.6 %	10.5%	-13.1%	\$37,167	\$354,520	23.7 %	19.6%	-4.1%	\$114,658	\$583,633	
26.0%	Other Services	24.6 %	7.0%	-17.6%	\$631,459	\$8,981,220	26.0 %	4.1%	-21.9%	\$372,875	\$9,083,457	
21.1%	Commodities	21.0 %	7.8%	-13.2%	\$1,291,629	\$16,566,719	21.1 %	9.7%	-11.4%	\$1,406,494	\$14,519,783	
	Total Expenditures		6.6%		\$2,789,048	\$42,082,766		7.5%		\$2,744,803	\$36,732,214	

B. Assessment of Fiscal Year 2014 - 2015 Efforts to Meet HUB Procurement Goals

Attainment:

The agency attained zero of six, or 0%, of the applicable statewide HUB procurement goals in FY 2014 and FY2015. However, the agency has increased its overall expenditures with HUBs each of the last five fiscal years. From 4.2 percent during FY2011 to 7.47 in FY2015.

Applicability:

The agency had expenditures in five of the six HUB categories for both in FY2014 and in all of the six HUB categories in FY 2015.

Factors Affecting Attainment:

- A portion of the goals showed a positive trend over the respective prior year in percent of total dollars spent on HUB contracts (5 of 6 in comparing FY 2014 to FY 2012, and also 5 of 6 in comparing FY 2015 to FY2013).
- The college routinely utilizes vendors that could qualify for HUB certification, but they have no direct incentive to complete the HUB certification steps. This creates a limited supply of "HUB certified" vendors.

"Good-Faith" Efforts:

The agency made the following good faith efforts to comply with statewide HUB procurement goals per 34 TAC Section 20.13(c):

- Developed and conducted training to internal departments regarding the HUB program and policies and procedures
- Promoted the use of HUBs with internal departments
- Attended various vendor fairs, demonstrations, and other events to learn more about HUB vendors
- Provided a purchasing/HUB overview to new employees during new employee orientation

6.A. Historically Underutilized Business Supporting Schedule
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Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **71G** Agency: **Technical State Technical College - North Texas**

- Meet with potential HUB vendors and encouraged them to apply for certification and showed them how to participate in the bidding process
- Ensured that the TPASS HUB Electronic Database is accessible to all employees and encouraged use of the directory in procurement activities.
- Posted information to our website regarding the HUB Program and provided a link to apply for HUB certification

6.H.

TSTC North Texas (71G)
Estimated Funds Outside the Institution's Bill Pattern
2016–17 and 2018–19 Biennia

	2016-17 Biennium				2018-19 Biennium			
	<u>FY 2016</u> <u>Revenue</u>	<u>FY 2017</u> <u>Revenue</u>	<u>Biennium</u> <u>Total</u>	<u>Percent</u> <u>of Total</u>	<u>FY 2018</u> <u>Revenue</u>	<u>FY 2019</u> <u>Revenue</u>	<u>Biennium</u> <u>Total</u>	<u>Percent</u> <u>of Total</u>
APPROPRIATED SOURCES INSIDE THE BILL PATTERN								
State Appropriations (excluding HEGI & State Paid Fringes)	\$ -	\$ -	\$ -		\$ 3,000,000	\$ 3,000,000	\$ 6,000,000	
Tuition and Fees (net of Discounts and Allowances)	-	-	-		277,454	346,817	624,271	
Endowment and Interest Income	-	-	-		-	-	-	
Sales and Services of Educational Activities (net)	-	-	-		-	-	-	
Sales and Services of Hospitals (net)	-	-	-		-	-	-	
Other Income	-	-	-		-	-	-	
Total	-	-	-	0.0%	3,277,454	3,346,817	6,624,271	75.8%
APPROPRIATED SOURCES OUTSIDE THE BILL PATTERN								
State Appropriations (HEGI & State Paid Fringes)	\$ -	\$ -	\$ -		\$ 220,000	\$ 275,000	\$ 495,000	
Higher Education Assistance Funds	-	-	-		270,196	240,783	510,979	
Available University Fund	-	-	-		-	-	-	
State Grants and Contracts	-	-	-		239,603	239,603	479,206	
Total	-	-	-	0.0%	729,799	755,386	1,485,185	17.0%
NON-APPROPRIATED SOURCES								
Tuition and Fees (net of Discounts and Allowances)	-	-	-		112,881	141,102	253,983.00	
Federal Grants and Contracts	-	-	-		179,000	200,000	379,000.00	
State Grants and Contracts	-	-	-		-	-	-	
Local Government Grants and Contracts	-	-	-		-	-	-	
Private Gifts and Grants	-	-	-		-	-	-	
Endowment and Interest Income	-	-	-		-	-	-	
Sales and Services of Educational Activities (net)	-	-	-		-	-	-	
Sales and Services of Hospitals (net)	-	-	-		-	-	-	
Professional Fees (net)	-	-	-		-	-	-	
Auxiliary Enterprises (net)	-	-	-		-	-	-	
Other Income	-	-	-		-	-	-	
Total	-	-	-	0.0%	291,881	341,102	632,983	7.2%
TOTAL SOURCES	\$ -	\$ -	\$ -	#DIV/0!	\$ 4,299,134	\$ 4,443,305	\$ 8,742,439	100.0%

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 71G Agency name: **Technical State Technical College - North Texas**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2018	2019	Biennial Total	2018	2019	Biennial Total	
1 Program Service Reduction - 5%							
Category: Programs - Service Reductions (Other)							
Item Comment: This portion relates to the strategy for transition funding. Transition funding is a substitute for the formula-funded line items since the returned-value funding formula is outcome based, deriving the formula yield after the teaching event and five trailing years of earnings results. Consequently, reduction in the strategy would be linked to program service reductions.							
TSTC would combine the statewide impact of proposed reductions and apply to program service reductions based on markets performance and growth potential. Depending on the reduction request, TSTC would eliminate programming in areas that provide the lowest prospects for return on capital to the State.							
Strategy: 3-1-1 Startup Funding							
<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	
General Revenue Funds Total	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	
Item Total	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	

FTE Reductions (From FY 2018 and FY 2019 Base Request)

2 Program Service Reduction - Add'l 5%

Category: Programs - Service Reductions (Other)

Item Comment: This portion relates to the strategy for transition funding. Transition funding is a substitute for the formula-funded line items since the returned-value funding formula is outcome based, deriving the formula yield after the teaching event and five trailing years of earnings results. Consequently, reduction in the strategy would be linked to program service reductions.

TSTC would combine the statewide impact of proposed reductions and apply to program service reductions based on markets performance and growth potential. Depending on the reduction request, TSTC would eliminate programming in areas that provide the lowest prospects for return on capital to the State.

Strategy: 3-1-1 Startup Funding

General Revenue Funds

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G** Agency name: **Technical State Technical College - North Texas**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2018	2019	Biennial Total	2018	2019	Biennial Total	
1 General Revenue Fund	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	
General Revenue Funds Total	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	
Item Total	\$0	\$0	\$0	\$144,000	\$144,000	\$288,000	
FTE Reductions (From FY 2018 and FY 2019 Base Request)							
AGENCY TOTALS							
General Revenue Total				\$288,000	\$288,000	\$576,000	\$576,000
Agency Grand Total	\$0	\$0	\$0	\$288,000	\$288,000	\$576,000	\$576,000
Difference, Options Total Less Target							
Agency FTE Reductions (From FY 2018 and FY 2019 Base Request)							

Schedule 1A: Other Educational and General Income
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas					
	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
Gross Tuition					
Gross Resident Tuition	0	0	0	444,462	555,577
Gross Non-Resident Tuition	0	0	0	27,808	34,761
Gross Tuition	0	0	0	472,270	590,338
Less: Resident Waivers and Exemptions (excludes Hazlewood)	0	0	0	(41,075)	(51,344)
Less: Non-Resident Waivers and Exemptions	0	0	0	(7,945)	(9,932)
Less: Hazlewood Exemptions	0	0	0	(25,987)	(32,484)
Less: Board Authorized Tuition Increases (TX. Educ. Code Ann. Sec. 54.008)	0	0	0	0	0
Less: Tuition increases charged to doctoral students with hours in excess of 100 (TX. Educ. Code Ann. Sec. 54.012)	0	0	0	0	0
Less: Tuition increases charged to undergraduate students with excessive hours above degree requirements. (TX. Educ. Code Ann. Sec. 61.0595)	0	0	0	0	0
Less: Tuition rebates for certain undergraduates (TX. Educ. Code Ann. Sec. 54.0065)	0	0	0	0	0
Plus: Tuition waived for Students 55 Years or Older (TX. Educ. Code Ann. Sec. 54.013)	0	0	0	0	0
Less: Tuition for repeated or excessive hours (TX. Educ. Code Ann. Sec. 54.014)	0	0	0	0	0
Plus: Tuition waived for Texas Grant Recipients (TX. Educ. Code Ann. Sec. 56.307)	0	0	0	0	0
Subtotal	0	0	0	397,263	496,578
Less: Transfer of funds for Texas Public Education Grants Program (Tex. Educ. Code Ann. Sec. 56c) and for Emergency Loans (Tex. Educ. Code Ann. Sec. 56d)	0	0	0	(65,548)	(65,548)
Less: Transfer of Funds (2%) for Physician/Dental Loans (Medical Schools)	0	0	0	0	0
Less: Statutory Tuition (Tx. Educ. Code Ann. Sec. 54.051) Set Aside for Doctoral Incentive Loan Repayment Program (Tx. Educ. Code Ann. Sec. 56.095)	0	0	0	0	0
Less: Other Authorized Deduction					
Net Tuition	0	0	0	331,715	431,030

Schedule 1A: Other Educational and General Income
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas					
	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
Student Teaching Fees	0	0	0	0	0
Special Course Fees	0	0	0	0	0
Laboratory Fees	0	0	0	0	0
Subtotal, Tuition and Fees (Formula Amounts for Health-Related Institutions)	0	0	0	331,715	431,030
OTHER INCOME					
Interest on General Funds:					
Local Funds in State Treasury	0	0	0	0	0
Funds in Local Depositories, e.g., local amounts	0	0	0	0	0
Other Income (Itemize)					
Subtotal, Other Income	0	0	0	0	0
Subtotal, Other Educational and General Income	0	0	0	331,715	431,030
Less: O.A.S.I. Applicable to Educational and General Local Funds Payrolls	0	0	0	(17,613)	(17,613)
Less: Teachers Retirement System and ORP Proportionality for Educational and General Funds	0	0	0	(15,001)	(15,001)
Less: Staff Group Insurance Premiums	0	0	0	0	0
Total, Other Educational and General Income (Formula Amounts for General Academic Institutions)	0	0	0	299,101	398,416
Reconciliation to Summary of Request for FY 2015-2017:					
Plus: Transfer of Funds for Texas Public Education Grants Program and Physician Loans	0	0	0	65,548	65,548
Plus: Transfer of Funds 2% for Physician/Dental Loans (Medical Schools)	0	0	0	0	0
Plus: Transfer of Funds for Cancellation of Student Loans of Physicians	0	0	0	0	0
Plus: Organized Activities	0	0	0	0	0
Plus: Staff Group Insurance Premiums	0	0	0	0	0
Plus: Board-authorized Tuition Income	0	0	0	0	0
Plus: Tuition Increases Charged to Doctoral Students with Hours in Excess of 100	0	0	0	0	0

Schedule 1A: Other Educational and General Income
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas					
	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
Plus: Tuition Increases Charged to Undergraduate Students with Excessive Hours above Degree Requirements (TX. Educ. Code Ann. Sec. 61.0595)	0	0	0	0	0
Plus: Tuition rebates for certain undergraduates (TX Educ.Code Ann. Sec. 54.0065)	0	0	0	0	0
Plus: Tuition for repeated or excessive hours (TX. Educ. Code Ann. Sec. 54.014)	0	0	0	0	0
Less: Tuition Waived for Students 55 Years or Older	0	0	0	0	0
Less: Tuition Waived for Texas Grant Recipients	0	0	0	0	0
Total, Other Educational and General Income Reported on Summary of Request	0	0	0	364,649	463,964

Schedule 2: Selected Educational, General and Other Funds

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
General Revenue Transfers					
Transfer from Coordinating Board for Advanced Research Program	0	0	0	0	0
Transfer from Coordinating Board for Texas College Work Study Program (2015, 2016, 2017)	0	0	0	0	0
Transfer from Coordinating Board for Professional Nursing Shortage Reduction Program	0	0	0	0	0
Transfer of GR Group Insurance Premium from Comptroller (UT and TAMU Components only)	0	0	0	0	0
Less: Transfer to Other Institutions	0	0	0	0	0
Less: Transfer to Department of Health, Disproportionate Share - State-Owned Hospitals (2015, 2016, 2017)	0	0	0	0	0
Other (Itemize)					
Other: Fifth Year Accounting Scholarship	0	0	0	0	0
Texas Grants	0	0	0	0	0
B-on-Time Program	0	0	0	0	0
Less: Transfer to System Administration	0	0	0	0	0
Subtotal, General Revenue Transfers	0	0	0	0	0
General Revenue HEF for Operating Expenses	0	0	0	209,413	250,000
Transfer from Available University Funds (UT, A&M and Prairie View A&M Only)	0	0	0	0	0
Other Additions (Itemize)					
Increase Capital Projects - Educational and General Funds	0	0	0	0	0
Transfer from Department of Health, Disproportionate Share - State-owned Hospitals (2015, 2016, 2017)	0	0	0	0	0
Transfers from Other Funds, e.g., Designated funds transferred for educational and general activities (Itemize)	0	0	0	0	0
Transfer from Coordinating Board for Incentive Funding	0	0	0	0	0
Other (Itemize)					
Gross Designated Tuition (Sec. 54.0513)	0	0	0	200,909	251,136
Indirect Cost Recovery (Sec. 145.001(d))	0	0	0	0	0
Correctional Managed Care Contracts	0	0	0	0	0

Schedule 4: Computation of OASI
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency 71G Technical State Technical College - North Texas

Proportionality Percentage Based on Comptroller Accounting Policy Statement #011, Exhibit 2	2015		2016		2017		2018		2019	
	<u>% to Total</u>	<u>Allocation of OASI</u>	<u>% to Total</u>	<u>Allocation of OASI</u>	<u>% to Total</u>	<u>Allocation of OASI</u>	<u>% to Total</u>	<u>Allocation of OASI</u>	<u>% to Total</u>	<u>Allocation of OASI</u>
General Revenue (% to Total)	0.0000	\$0	0.0000	\$0	0.0000	\$0	90.8000	\$173,829	90.8000	\$173,829
Other Educational and General Funds (% to Total)	0.0000	\$0	0.0000	\$0	0.0000	\$0	9.2000	\$17,613	9.2000	\$17,613
Health-Related Institutions Patient Income (% to Total)	0.0000	\$0	0.0000	\$0	0.0000	\$0	0.0000	\$0	0.0000	\$0
Grand Total, OASI (100%)	0.0000	\$0	0.0000	\$0	0.0000	\$0	100.0000	\$191,442	100.0000	\$191,442

Schedule 5: Calculation of Retirement Proportionality and ORP Differential

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Description	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
Proportionality Amounts					
Gross Educational and General Payroll - Subject To TRS Retirement	0	0	0	2,342,438	2,342,438
Employer Contribution to TRS Retirement Programs	0	0	0	159,286	159,286
Gross Educational and General Payroll - Subject To ORP Retirement	0	0	0	57,010	57,010
Employer Contribution to ORP Retirement Programs	0	0	0	3,763	3,763
Proportionality Percentage					
General Revenue	0.0000 %	0.0000 %	0.0000 %	90.8000 %	90.8000 %
Other Educational and General Income	0.0000 %	0.0000 %	0.0000 %	9.2000 %	9.2000 %
Health-related Institutions Patient Income	0.0000 %	0.0000 %	0.0000 %	0.0000 %	0.0000 %
Proportional Contribution					
Other Educational and General Proportional Contribution (Other E&G percentage x Total Employer Contribution to Retirement Programs)	0	0	0	15,001	15,001
HRI Patient Income Proportional Contribution (HRI Patient Income percentage x Total Employer Contribution To Retirement Programs)	0	0	0	0	0
Differential					
Differential Percentage	0.0000 %	0.0000 %	0.0000 %	1.9000 %	1.9000 %
Gross Payroll Subject to Differential - Optional Retirement Program	0	0	0	0	0
Total Differential	0	0	0	0	0

Schedule 6: Constitutional Capital Funding
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Activity	Act 2015	Act 2016	Bud 2017	Est 2018	Est 2019
A. PUF Bond Proceeds Allocation	0	0	0	0	0
Project Allocation					
Library Acquisitions	0	0	0	0	0
Construction, Repairs and Renovations	0	0	0	0	0
Furnishings & Equipment	0	0	0	0	0
Computer Equipment & Infrastructure	0	0	0	0	0
Reserve for Future Consideration	0	0	0	0	0
Other (Itemize)					
B. HEF General Revenue Allocation	0	0	0	270,196	240,783
Project Allocation					
Library Acquisitions	0	0	0	0	0
Construction, Repairs and Renovations	0	0	0	0	0
Furnishings & Equipment	0	0	0	0	0
Computer Equipment & Infrastructure	0	0	0	0	0
Reserve for Future Consideration	0	0	0	60,783	31,370
HEF for Debt Service	0	0	0	209,413	209,413
Other (Itemize)					

Schedule 7: Personnel
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G** Agency name: **TSTC - North Texas**

	Actual 2015	Actual 2016	Budgeted 2017	Estimated 2018	Estimated 2019
Part A.					
FTE Postions					
Directly Appropriated Funds (Bill Pattern)					
Educational and General Funds Faculty Employees	0.0	0.0	0.0	20.3	20.3
Educational and General Funds Non-Faculty Employees	0.0	0.0	0.0	15.6	15.6
Subtotal, Directly Appropriated Funds	0.0	0.0	0.0	35.9	35.9
Non Appropriated Funds Employees	0.0	0.0	0.0	1.0	1.0
Subtotal, Other Funds & Non-Appropriated	0.0	0.0	0.0	1.0	1.0
GRAND TOTAL	0.0	0.0	0.0	36.9	36.9
Part B.					
Personnel Headcount					
Directly Appropriated Funds (Bill Pattern)					
Educational and General Funds Faculty Employees	0.0	0.0	0.0	24.0	24.0
Educational and General Funds Non-Faculty Employees	0.0	0.0	0.0	19.0	19.0
Subtotal, Directly Appropriated Funds	0.0	0.0	0.0	43.0	43.0
Non Appropriated Funds Employees	0.0	0.0	0.0	2.0	2.0
Subtotal, Non-Appropriated	0.0	0.0	0.0	2.0	2.0
GRAND TOTAL	0.0	0.0	0.0	45.0	45.0

Schedule 7: Personnel
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **71G** Agency name: **TSTC - North Texas**

	Actual 2015	Actual 2016	Budgeted 2017	Estimated 2018	Estimated 2019
PART C.					
Salaries					
Directly Appropriated Funds (Bill Pattern)					
Educational and General Funds Faculty Employees	\$0	\$0	\$0	\$958,404	\$958,404
Educational and General Funds Non-Faculty Employees	\$0	\$0	\$0	\$1,109,340	\$1,109,340
Subtotal, Directly Appropriated Funds	\$0	\$0	\$0	\$2,067,744	\$2,067,744
Non Appropriated Funds Employees	\$0	\$0	\$0	\$7,200	\$7,200
Subtotal, Non-Appropriated	\$0	\$0	\$0	\$7,200	\$7,200
GRAND TOTAL	\$0	\$0	\$0	\$2,074,944	\$2,074,944

Schedule 8D: Tuition Revenue Bonds Request by Project

85th Regular Session, Agency Submission, Version 1

Agency Code: 71G

Agency Name: **Texas State Technical College - North Texas**

Project Name	Authorization Year	Estimated Final Payment Date	Requested Amount 2018	Requested Amount 2019
Series 2016 - Purchase & Renovation of North Texas Technology Center	2016	10/15/2035	\$ 719,075.00	\$ 715,750.00
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			<u>\$ 719,075.00</u>	<u>\$ 715,750.00</u>

Schedule 9: Special Item Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Special Item: 1 **North Texas Start Up Funding**

(1) Year Special Item: 2014
Original Appropriations: \$2,250,000

(2) Mission of Special Item:

The 83rd and 84th Legislatures provided \$4,500,000 and \$6,000,000, respectively, in Special Item Support for Start Up Funding at TSTC in North Texas. TSTC's funding model for Instruction and Administration, the "returned value" (RTV) funding model, only funds results; consequently, it does not provide funding for start-up operations like other cost-reimbursement (e.g., contact-hour based) models. RTV funding returns a portion of the economic value to the state generated from wages earned (over five years) by former students. Consequently, there is an 8-10 year inherent lag between the campus start-up, teaching event, the students' 5-year earnings contribution, the funding formula measurement, and the allocation through appropriations funding. For start-up locations, significant costs accumulate during this time.

Basic start-up costs include, but are not limited to, operations personnel, debt service on financed equipment (TSTC's programs require costly, industrial equipment), and consumables (many programs have significant consumable cost, such as welding rods), and advertising costs. Start-up administrative costs are mitigated by TSTC's centralized administration structure.

As student earnings begin to reach the end of the 5-year measurement period, the funding formula will recognize these results and the need for transition funding will decline.

(3) (a) Major Accomplishments to Date:

Schedule 9: Special Item Information
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Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Enrollment at the start-up location appears to be doubling year-after-year for the last two years, consistent with the rate of growth expected for the start-up.

Creation of Night and weekend cohorts with emphasis on non-traditional markets to round out the College's recruitment strategies.

Texas Workforce Commission (TWC) Skills Development Fund (SDF) grant for workforce training at Chaparral Steel (\$431,012).

TWC SDF grant for a consortium of Ellis County companies (\$617,862).

Chaparral Steel scholarships for employees to attend TSTC in North Texas.

A \$637,082 TWC Fast Start III grant supports Competency Based Education North Texas, Harlingen and Marshall.

Restructured administration under new, statewide administrative structure, including elimination of 3 vice president positions to shift effort and resource investment to core, educational services.

Actively participating as a member of the community through the Red Oak Chamber of Commerce, Waxahachie Chamber of Commerce, Best Southwest Partnership, and engagement with Red Oak and the surrounding cities.

Forged relationships with surrounding ISDs.

(3) (b) Major Accomplishments Expected During the Next 2 Years:

Grow enrollment beyond current instructional and space capacity.

Develop annual fundraising component to raise outside instructional aid and capital equipment donations.

Grow dual credit capacity with surrounding ISDs with focus on technical pathways.

Additional support from grant funded opportunities such as National Science Foundation Advanced Technological Education (ATE) which supports technician education in high-tech fields, encouraging partnerships between academic institutions and industry through curriculum development, professional development for faculty, and career pathways and TWC Skills Development Fund grants to support needed customized training in the region.

(4) Funding Source Prior to Receiving Special Item Funding:

Special Item - NTX & E Williamson County Strategy, located in LAR of TSTC System Administration

(5) Formula Funding:

N

Schedule 9: Special Item Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

(6) Startup Funding:

Y

(7) Transition Funding:

N

(8) Non-general Revenue Sources of Funding:

GR-Dedicated Tuition & Fees, Designated Tuition

(9) Consequences of Not Funding:

Operations will not be able to continue. Although enrollment momentum is strong, tuition alone would not be able to cover the costs of instruction, personnel, and facilities.

Schedule 9: Special Item Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Special Item: 2 **North Texas Start Up Funding - Restoration of 4%**

(1) Year Special Item: 2018
Original Appropriations: \$120,000

(2) Mission of Special Item:

Transition funding for the start-up locations is included in the baseline reduction calculation; however, formula items for higher education have been excluded from the related reduction request. Because transition funding is a substitute for strategies that are within the formula-driven strategies, inclusion of transition funding in the base reduction calculation is inconsistent with other exemptions.

Transition funding is a substitute for the formula-funded line items since the returned-value funding formula is outcome based, deriving the formula yield after the teaching event and five trailing years of earnings results. Since it is not a cost-recovery formula, start-up costs require funding from another mechanism. Only after (1) the campus is open, (2) the student navigates the curriculum, and (3) earnings for five years are measured after leaving TSTC will the formula funding be activated. Consequently, transition funding will begin dissipating 6-8 years after the first cohorts enter the workforce. Due to the operational nature of transition funding, not exempting TSTC transition funding from based reductions is inconsistent with the exemptions to formula-funded appropriations.

Start-up costs for technical training are extraordinarily high because of the space and capital equipment required to deliver the hands-on, industrial training necessary for these new campus locations. This request restores that funding to support essential start up operations.

(3) (a) Major Accomplishments to Date:

Schedule 9: Special Item Information
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Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Enrollment at the start-up location appears to be doubling year-after-year for the last two years, consistent with the rate of growth expected for the start-up.

Creation of Night and weekend cohorts with emphasis on non-traditional markets to round out the College's recruitment strategies.

Texas Workforce Commission (TWC) Skills Development Fund (SDF) grant for workforce training at Chaparral Steel (\$431,012).

TWC SDF grant for a consortium of Ellis County companies (\$617,862).

Chaparral Steel scholarships for employees to attend TSTC in North Texas.

A \$637,082 TWC Fast Start III grant supports Competency Based Education North Texas, Harlingen and Marshall.

Restructured administration under new, statewide administrative structure, including elimination of 3 vice president positions to shift effort and resource investment to core, educational services.

Actively participating as a member of the community through the Red Oak Chamber of Commerce, Waxahachie Chamber of Commerce, Best Southwest Partnership, and engagement with Red Oak and the surrounding cities.

Forged relationships with surrounding ISDs.

(3) (b) Major Accomplishments Expected During the Next 2 Years:

Grow enrollment beyond current instructional and space capacity.

Develop annual fundraising component to raise outside instructional aid and capital equipment donations.

Grow dual credit capacity with surrounding ISDs with focus on technical pathways.

Additional support from grant funded opportunities such as National Science Foundation Advanced Technological Education (ATE) which supports technician education in high-tech fields, encouraging partnerships between academic institutions and industry through curriculum development, professional development for faculty, and career pathways and TWC Skills Development Fund grants to support needed customized training in the region.

(4) Funding Source Prior to Receiving Special Item Funding:

Special Item - NTX & E Williamson County Strategy, located in LAR of TSTC System Administration

(5) Formula Funding:

N

Schedule 9: Special Item Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

(6) Startup Funding:

Y

(7) Transition Funding:

N

(8) Non-general Revenue Sources of Funding:

GR-Dedicated Tuition & Fees, Designated Tuition

(9) Consequences of Not Funding:

The momentum of enrollment growth will be hindered due to an inadequate amount of instructional resources to meet the needs of students.

Schedule 9: Special Item Information
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

71G Technical State Technical College - North Texas

Special Item: 3 **Small Institution Supplement**

(1) Year Special Item: 2018
Original Appropriations: \$375,000

(2) Mission of Special Item:

The Small Institution Supplement strategy provides \$750,000 during a biennium for institutions that enroll less than 5,000 students (phased out between 5,000 and 10,000), recognizing that institutions have a minimum cost of operation that may not be covered by funds generated through the formulas. The 84th Texas Legislature in Texas Education Code (TEC), section 135.02(a), authorized designation of TSTC in [North Texas or Fort Bend County] as a campus. Under the criteria established by the 81st Legislature, this new campus qualifies for Small Institution Supplement funding.

(3) (a) Major Accomplishments to Date:

The North Texas building was constructed in FY 2014 and is 103,496 square feet. It began servicing an enrollment count of 117 students (Fall 2014 Headcount), and has nearly doubled in two years.

(3) (b) Major Accomplishments Expected During the Next 2 Years:

Enrollment is anticipated to double in the next biennium. Accordingly, the building maintenance associated with a higher number of students will increase as well.

(4) Funding Source Prior to Receiving Special Item Funding:

None.

(5) Formula Funding:

N

(6) Startup Funding:

N

(7) Transition Funding:

N

(8) Non-general Revenue Sources of Funding:

None.

(9) Consequences of Not Funding:

Funds intended for instructional purposes will have to be redeployed to maintenance costs.

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Equal opportunity shall be afforded within Texas State Technical College to all employees and applicants for admission or employment regardless of race, color, gender, religion, national origin, age, disability, genetic information or veteran status. TSTC complies with the Texas Equal Opportunity Plan. The person designated to coordinate compliance activities is the Dean of Students, James Fickens. He can be reached at james.fickens@tstc.edu.



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