

Agency Budget Review Fiscal Year 2019



Texas Higher Education
Coordinating Board

April 2018

Overview

- The agency is committed to transparency and to fully inform the board about agency activities
 - Ensure board involvement
 - Knowledge of how funding is being utilized
 - Bring awareness to important activities that the agency performs
 - Maintain an open dialog
- Detailed Fiscal Year 2019 budget is provided

Budgetary Fundamentals

- Base Budget – based on the prior biennium (flat funding)
- Legislative Appropriations Request (LAR) – Base + Exceptional Items
- General Appropriations Act (GAA)
 - Biennium = 2 fiscal years (i.e. 2018 & 2019)
 - Conference Committee SB1/HB1 + Supplemental Appropriations
- Agency Budget
 - Based on each individual year within the GAA
- Reporting for tracking and monitor compliance

Budget Methods of Finance

- Method of Finance (MOF) = different sources of funding
 - General Revenue (GR)
 - General Revenue Dedicated (GRD)
 - Federal Revenue
 - Donated Funds (Gifts/Grants/Donations)
 - Loan Funds
 - Generated by the Student Loan Program
 - Loan program is fully self-supporting
- Agency utilizes all of these funding sources
 - Not 100% reliant on GR
 - Balance funding utilization & avoid overreliance on any one funding source

Budget Structure

- GAA structure for the THECB
 - Separated into 9 Goals
 - A goal can have multiple strategies within
- Types of strategies
 - Trusteed Programs
 - Operating
 - Direct administration (Program support)
 - Indirect administration (Agency support)
 - Facilities, IT, HR, Finance, General Counsel, Internal Audit/Compliance Monitoring, etc.

Fiscal Year 2019 Budget Overview

- Budget presented aligns with the GAA
 - Funding sources and headcount
- Focused on key initiatives
- Prioritizes limited funding

Fiscal Year 2019 Budget Overview

- Includes a 2% salary cost of living equity adjustment (COLEA) increase for eligible staff (agency funded)
 - Tight labor market/high attrition
 - Last state-funded increases were 2% in 2014 and 1% in 2013
 - A 2% inflation = 6% salary reduction in real terms over 3 years

Fiscal Year 2019 Budget Overview

- Operating: +\$677K Y/Y
 - Volume within the loan program increased
 - Employee COLEA added
 - ISS support added
 - Teacher Quality Program eliminated
 - Operating funds to Trusteed Ratio 1.45% (1.41% FY18)
- Trusteed/Programs: (\$35.9M) Y/Y
 - Teacher Quality Program eliminated
 - Joint Admissions Medical Program carried forward
 - B-On-Time Program reduced
- Community College Funding \$895M / (\$4.5M)

Fiscal Year 2019 Budget Overview

- Loan Program
 - \$1.5 billion outstanding balance
 - College Access Loan Program (CAL)
 - B-On-Time Program (BOT)
 - Other loan programs
 - Program is fully self supporting financially
 - Funding authorized through the Texas Constitution & Statute
 - Funds a portion (\$13.1M or 42%) of the agency's operating budget
 - Cash flow analysis performed at least annually
 - Program has never utilized GR to supplement funding



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