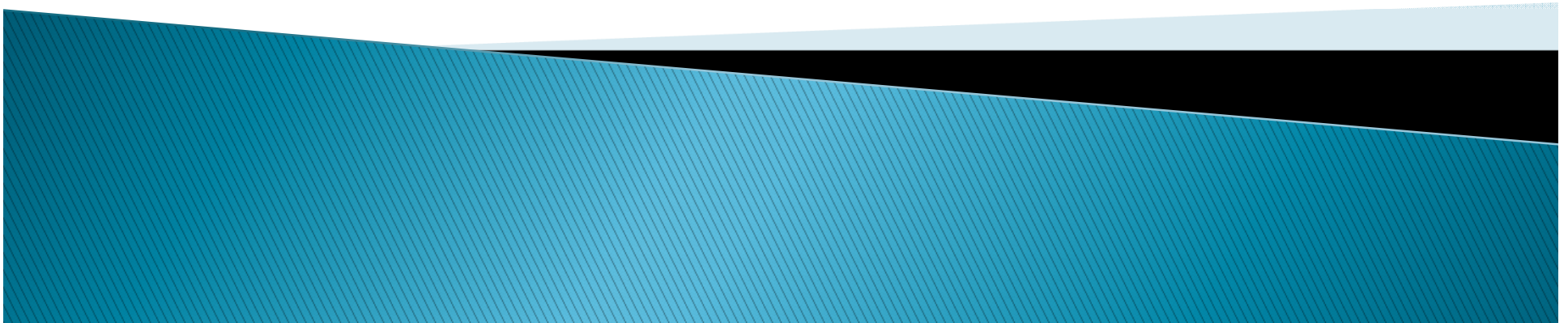
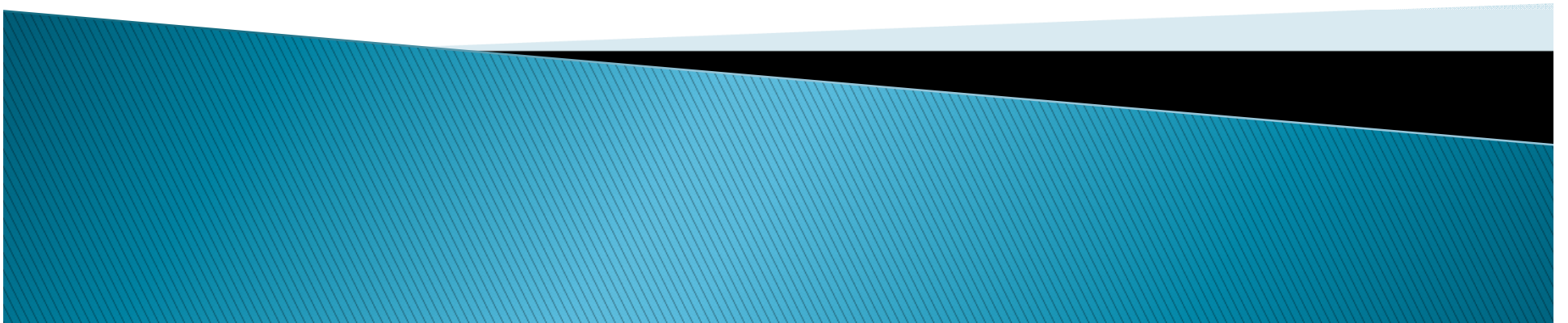


Welcome to the LAR Statewide Workshop

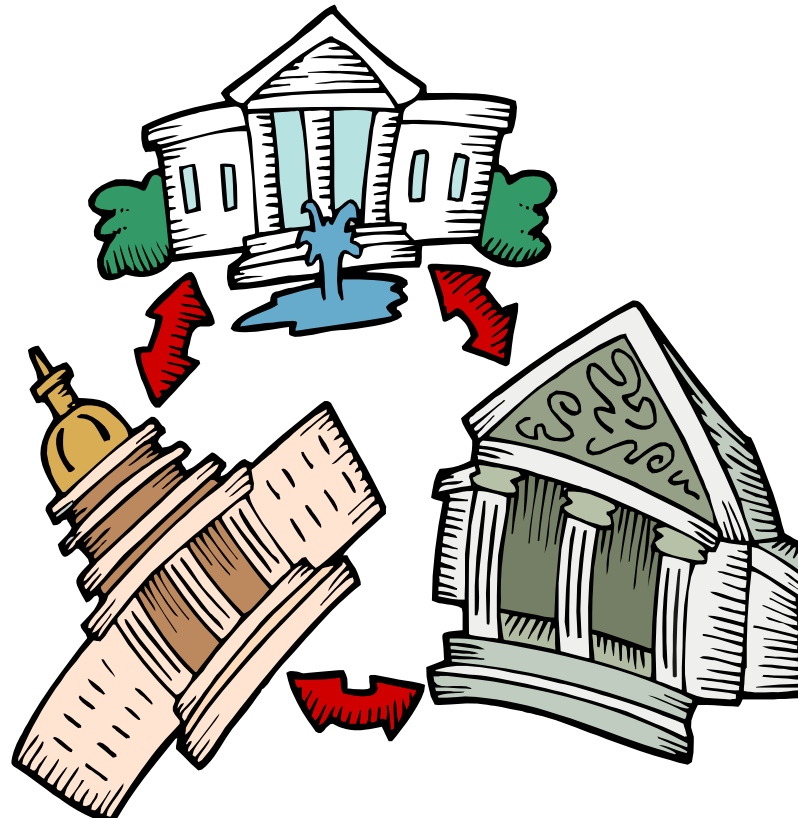
TASSCUBO Budget Committee



LAR Primer/Overview

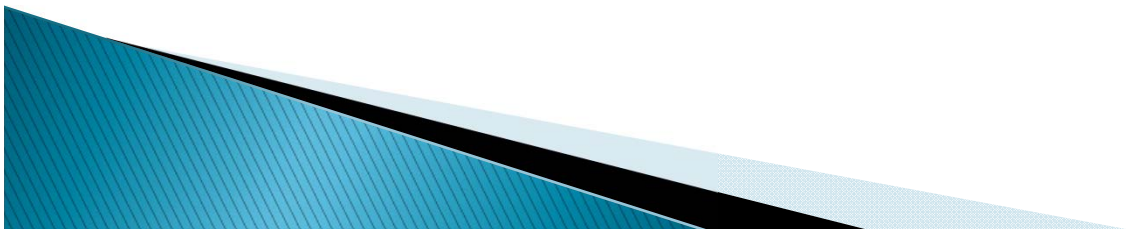


Legislative Process



Texas State Legislature

- ▶ In session every two years
- ▶ Odd numbered years from Mid-January to Late May
- ▶ Must pass the State Budget (General Appropriations Act) for the next biennium



Legislative Cycle (GAA)

LAR

- LAR's submitted by all State Agencies and Institutions of Higher Education

Legislative
Cycle

- Base Bill, prepared by the LBB is filed
- House and Senate create and pass separate GAA
- Conference committee creates the final GAA

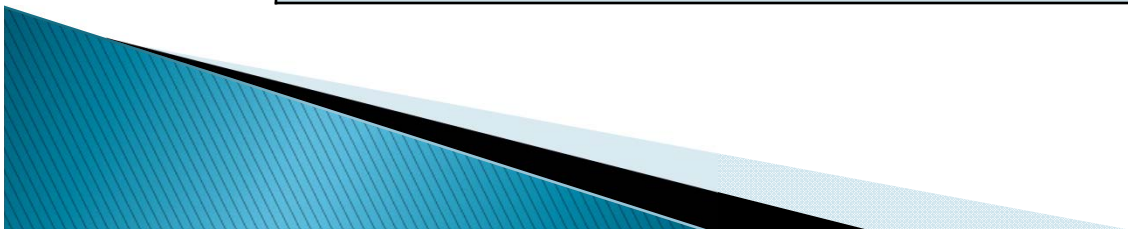
GAA

- Conference Committee version of GAA is passed by the House and Senate at end of May

Legislative Cycle (GAA)

FY 2016 – FY 2017

April 2014	Base Reconciliation Instructions Issued
May 2014	Budget (LAR) instructions issued by LBB and GOBPP
June 2014	Base Reconciliation is due
June – July 2014	LBB provides GR Target to Institutions
August 2014	Agency Budget Request (LAR) submitted to LBB & GOBPP
August – September 2014	Public Hearings conducted by LBB and GOBPP
October 2014	LAR Updates submitted

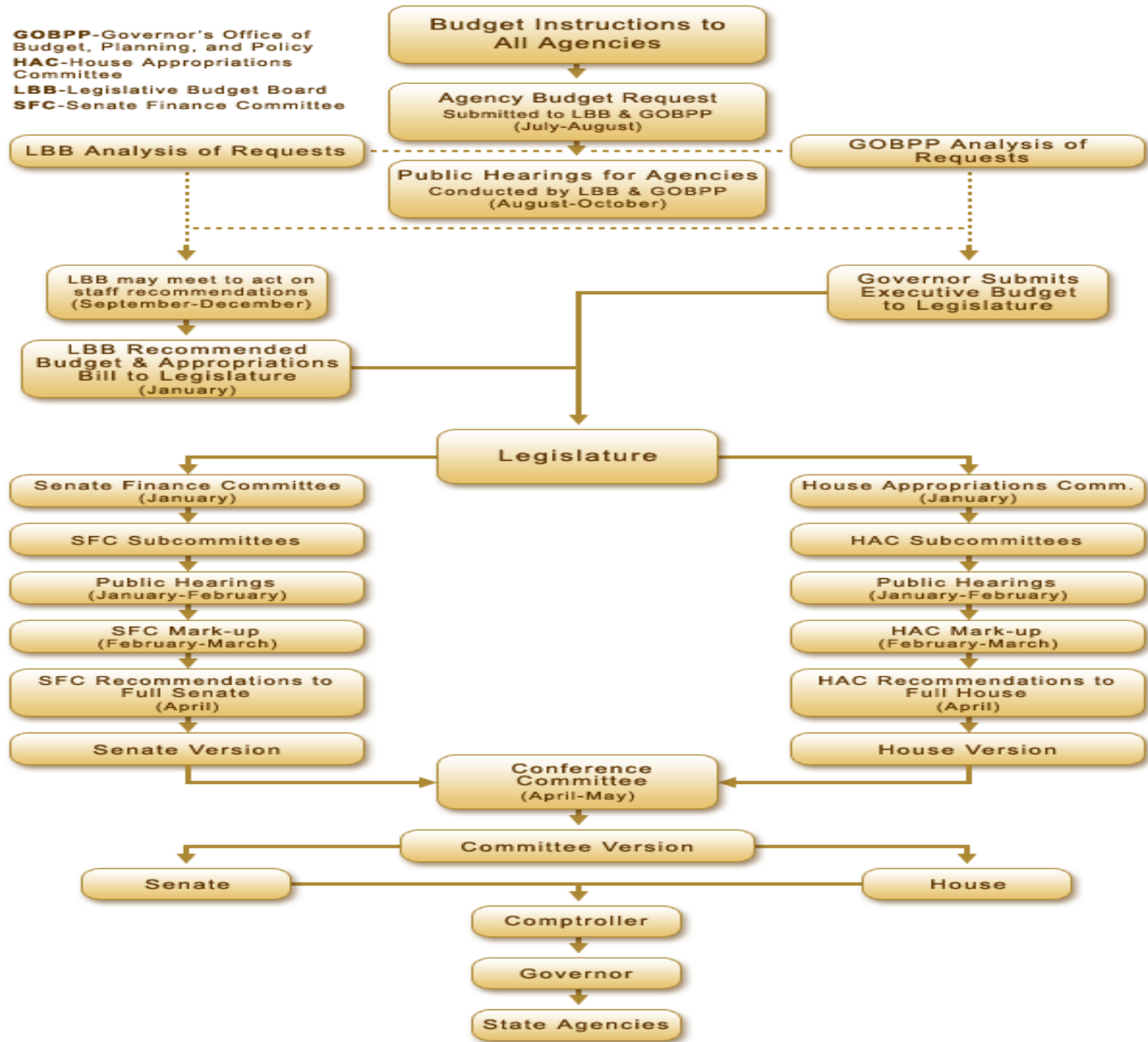


Legislative Cycle (GAA)

FY 2016 – FY 2017

January 2015	LBB Recommended Appropriation Bill is filed as both a House and Senate Bill
January 2015	House and Senate committees and subcommittees named
January – February 2015	House and Senate LAR Hearings
February – April 2015	House and Senate create and approve separate versions of the GAA
April – May 2015	Conference Committee creates final version of the GAA
May 2015	House and Senate approval Conference Committee version of GAA

GOBPP-Governor's Office of
Budget, Planning, and Policy
HAC-House Appropriations
Committee
LBB-Legislative Budget Board
SFC-Senate Finance Committee



General Appropriations Act

GAA



General Appropriations Act (GAA)

- ▶ Also known as Appropriation Bill
- ▶ State Budget for the next biennium
- ▶ Appropriations for each state agency and institution of higher education
- ▶ Riders for both higher education and all state agencies
- ▶ Online version of GAA is available on the LBB website
www.lbb.state.tx.us



Appropriation Bill Pattern

Article III of the GAA contains the following information for each higher education institution:

- Method of Financing
- Number of Full-Time-Equivalents (FTE) – FTE Cap
- Informational Listing of Appropriated Funds
 - Appropriation by Goals and Strategies
- Performance measure targets
- Institution Specific Riders



Appropriation Bill Pattern

UNIVERSITY OF HOUSTON - VICTORIA

For the Years Ending
August 31,
2014 August 31,
2015

Method of Financing:

General Revenue Fund	\$ 14,987,994	\$ 15,002,253
<u>General Revenue Fund - Dedicated</u>		
Estimated Board Authorized Tuition Increases Account No. 704	1,159,131	1,159,131
Estimated Other Educational and General Income Account No. 770	4,717,689	4,750,576
Subtotal, General Revenue Fund - Dedicated	\$ 5,876,820	\$ 5,909,707
Total, Method of Financing	\$ 20,864,814	\$ 20,911,960

Items of Appropriation:

1. Educational and General State Support	\$ 20,864,814	\$ 20,911,960
Grand Total, UNIVERSITY OF HOUSTON - VICTORIA	\$ 20,864,814	\$ 20,911,960

This bill pattern represents an estimated 40.3% of this agency's estimated total available funds for the biennium.

Number of Full-Time-Equivalents (FTE)-Appropriated Funds

293.6 293.6

Method
of Finance

Lump Sum
Appropriation

FTE Cap

Appropriation Bill Pattern

1. **Informational Listing of Appropriated Funds.** The appropriations made above for Educational and General State Support are subject to the special and general provisions of this Act and include the following amounts for the purposes indicated.

Goals

Strategies

A. Goal: INSTRUCTION/OPERATIONS

Provide Instructional and Operations Support.

A.1.1. Strategy: OPERATIONS SUPPORT	\$ 11,791,270	\$ 11,791,271
A.1.2. Strategy: TEACHING EXPERIENCE SUPPLEMENT	\$ 345,411	\$ 345,411
A.1.3. Strategy: STAFF GROUP INSURANCE PREMIUMS	\$ 580,722	\$ 623,288
A.1.4. Strategy: WORKERS' COMPENSATION INSURANCE	\$ 58,654	\$ 58,654
A.1.5. Strategy: TEXAS PUBLIC EDUCATION GRANTS	\$ 833,829	\$ 838,408
Total, Goal A: INSTRUCTION/OPERATIONS	<u>\$ 13,609,886</u>	<u>\$ 13,657,032</u>

B. Goal: INFRASTRUCTURE SUPPORT

Provide Infrastructure Support.

B.1.1. Strategy: E&G SPACE SUPPORT	\$ 1,636,491	\$ 1,636,491
Educational and General Space Support.		
B.1.2. Strategy: SMALL INSTITUTION SUPPLEMENT	\$ 750,000	\$ 750,000
Total, Goal B: INFRASTRUCTURE SUPPORT	<u>\$ 2,386,491</u>	<u>\$ 2,386,491</u>

C. Goal: SPECIAL ITEM SUPPORT

Provide Special Item Support.

C.1.1. Strategy: MASTER'S DEGREE IN NURSING	\$ 371,250	\$ 371,250
C.1.2. Strategy: DOWNWARD EXPANSION	\$ 2,100,000	\$ 2,100,000
C.2.1. Strategy: CENTER FOR REGIONAL OUTREACH	\$ 168,328	\$ 168,328
C.2.2. Strategy: SMALL BUSINESS DEVELOPMENT CENTER	\$ 236,555	\$ 236,555
C.3.1. Strategy: INSTITUTIONAL ENHANCEMENT	\$ 1,991,261	\$ 1,991,261
Total, Goal C: SPECIAL ITEM SUPPORT	<u>\$ 4,867,394</u>	<u>\$ 4,867,394</u>

D. Goal: RESEARCH FUNDS

D.1.1. Strategy: RESEARCH DEVELOPMENT FUND	\$ 1,043	\$ 1,043
---	----------	----------

Grand Total, UNIVERSITY OF HOUSTON - VICTORIA	<u>\$ 20,864,814</u>	<u>\$ 20,911,960</u>
--	----------------------	----------------------

Strategies

- ▶ Institutions of Higher Education receive lump sum appropriations. So unlike other state agencies, higher education institutions are not bound to spend the appropriation within the specified strategy with the exception of Tuition Revenue Bond debt service.

- ▶ Types of Strategies
 - Formula
 - Appropriation Set Asides
 - Special Items
 - Other Common Strategies
 - Institution Specific Strategies



Formula Strategies

General Academic Institutions:

- ▶ Operations Support
- ▶ Teaching Experience Supplement
- ▶ E & G Space Support

Health Related Institutions:

- ▶ Instruction & Operations Support
 - Medical, Dental, Biomedical Science, Nursing, Allied Health, Pharmacy, Public Health
- ▶ Graduate Medical Education
- ▶ Research Enhancement
- ▶ E & G Space Support
- ▶ Mission Specific Formulas

Strategies

E & G Set Asides

- ▶ Texas Public Education Grants (TPEG)
- ▶ Organized Activity fees
- ▶ Staff Group Insurance Premiums
- ▶ Medical Loans (HRIs only)

Other Common Strategies:

- ▶ Tuition Revenue Bond Debt Service
- ▶ Worker's Compensation
- ▶ Unemployment Compensation

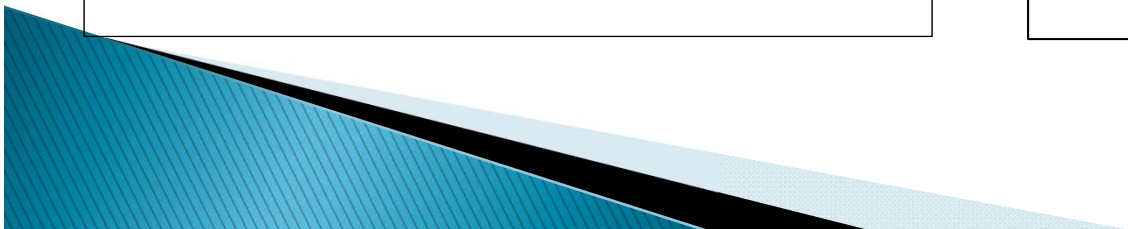
Strategies

Special Items

Special items are appropriated in a Special Item goal in the Bill Pattern. Special items are unique to each institution and were appropriated with a specific Legislative intent. Special reporting for these strategies is required in Schedule 9 of the LAR.

Institution Specific

Other strategies may exist within each institution's bill pattern to support its unique regional or statewide mission



Appropriation Bill Pattern

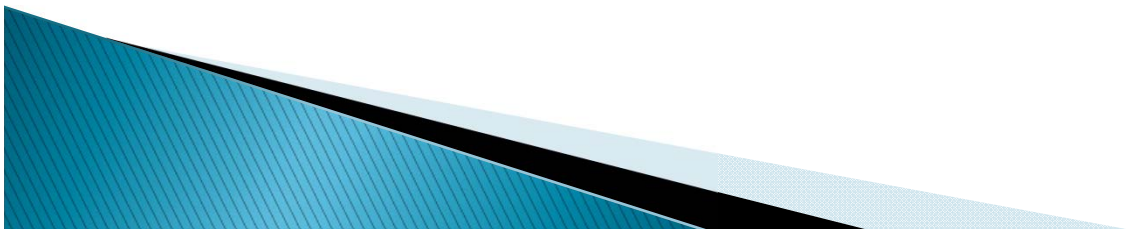
2. **Performance Measure Targets.** The following is a listing of the key performance target levels for the University of Houston - Victoria. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the University of Houston - Victoria. In order to achieve the objectives and service standards established by this Act, the University of Houston - Victoria shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2014</u>	<u>2015</u>
A. Goal: INSTRUCTION/OPERATIONS		
Outcome (Results/Impact):		
Percent of First-time, Full-time, Degree-seeking Freshmen Who Earn a Baccalaureate Degree within Four Academic Years	18%	19%
Persistence Rate of First-time, Full-time, Degree-seeking Freshmen Students after One Academic Year	60%	65%
Certification Rate of Teacher Education Graduates	91%	91%
Percentage of Baccalaureate Graduates Who Are First Generation College Graduates	53%	55%
Percent of Incoming Full-time Undergraduate Transfer Students Who Graduate within Four Years	77%	77%
Percent of Incoming Full-time Undergraduate Transfer Students Who Graduate within Two Years	43%	45%
Percent of Lower Division Semester Credit Hours Taught by Tenured or Tenure-Track Faculty	43.4%	43.4%
State Licensure Pass Rate of Nursing Graduates	93%	93%
Dollar Value of External or Sponsored Research Funds (in Millions)	0.02	0.03
A.1.1. Strategy: OPERATIONS SUPPORT		
Efficiencies:		
Administrative Cost as a Percent of Total Expenditures	11%	10.8%

Performance
Measure
Targets

Appropriation Bill Pattern

3. **Downward Expansion - University of Houston-Victoria.** It is the intent of the legislature that non-formula General Revenue operations funding in Strategy C.1.2, Downward Expansion for the University of Houston-Victoria will be phased out as formula funding increases until the institution reaches 6,000 full-time student equivalents.

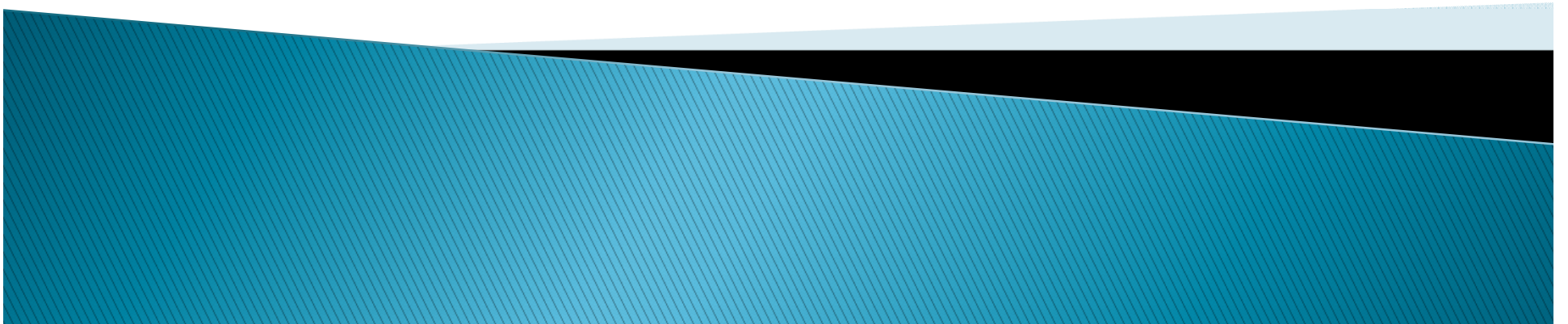


Riders

- ▶ Riders in the GAA are laws that must be followed for the biennium
- ▶ Institution Specific Riders in each institution's bill pattern
- ▶ Higher Ed specific riders in Article III
- ▶ Riders for all agencies in Article IX



LAR Structure



LAR Schedules

- ▶ Two types of LAR Schedules
 - Schedules required by all state agencies
 - Specific schedules for Higher Education
- ▶ LAR Schedules can be grouped into the following categories
 - Schedules Directly Impacting the GAA
 - Informational Schedules
 - Schedules not required by Higher Education



Schedules Directly Impacting the GAA

Schedule		Comments
2B	Summary of Base Request by MOF	Used by LBB to create GR target
2D 2G	Summaries of Objective Outcomes	Used by the LBB to set the performance measure target for key measures.
3A	Strategy Request Schedules	Base Budget Request for the next biennium. Allocate GR target to the various strategies.
3B	Rider Revisions and Additions Request	Request changes to GAA Riders
4A – C	Exceptional Item Requests	Institution's budget request over and above the GR target.
6H	Estimated Total of All Funds Outside the GAA	Used to create the % included in each institution's bill pattern: <i>This bill pattern represents an estimated <u>X%</u> of this agency's estimated total available funds for the biennium.</i>
6I	Allocation of Biennial Reductions	Outlines institutional preference for allocation of a GR Reduction.

Higher Education Schedules Directly Impacting the GAA

Schedule		Comments
1A	Other Educational and General Income	Used to establish appropriations for Fund 770 and 704
1B	Health Related Institutions Patient Income	Used to generate an informational rider regarding HRI patient income. Does not impact appropriations.
3A - D	Staff Group Insurance Data Elements	Used to calculate the staff group insurance appropriations for each institution
7	Personnel	Used to establish the FTE cap

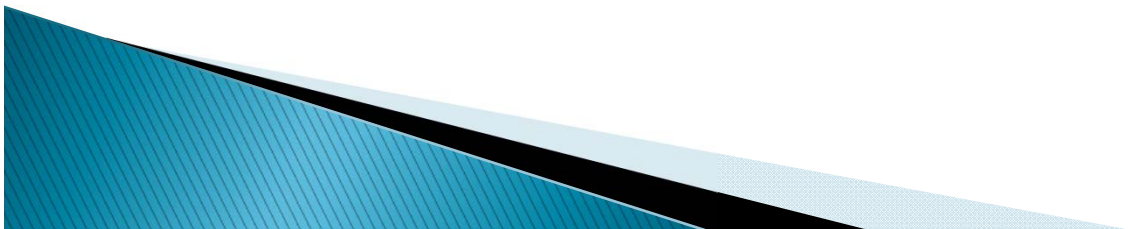


Informational Schedules

Schedule		Comments
	Administrator's Statement	Most commonly reviewed information in the LAR.
	Organizational Chart	
2A 2C 2E 2F	Summaries of request	This are reports generated from information included in the Strategy Request and Exceptional Item Request schedules
3C	Rider Appropriations and Unexpended Balances Request	This schedule rarely applies to Higher Education
6A	Historically Underutilized Business	
6B	Current Biennium One-Time Expenditures	
6F	Advisory Committee Supporting Schedule	
6G	Homeland Security Funding Schedule	
6J	Budgetary Impacts Related to Federal Health Care Reform	

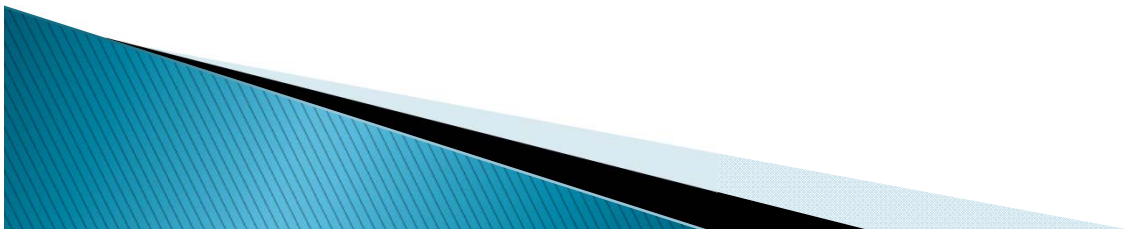
Informational Higher Ed Schedules

Schedule		Comments
2	Selected Educational, General and Other Funds	
4	Computation of OASI	
5	Calculation of Retirement Proportionality and Differential	
6	Capital Funding	
8A – D	Tuition Revenue Bond Schedules	
9	Special Item Information	
10A	Formula Strategies by NACUBO Functions of Cost	Not required for HRI's
10B	Object of Expense Detail for Formula Strategies and NACUBO Functions of Cost	Not required for HRI's



Schedules not Required by Higher Ed

Schedule		Comments
5 A - E	Capital Budget	
6 C – D	Federal Funds	
6 E	Estimated Revenue Collections	
7A	Administrative and Support Costs (Direct and Indirect)	
8	Summary of Request for Projects Funded with General Obligation Bond Proceeds	



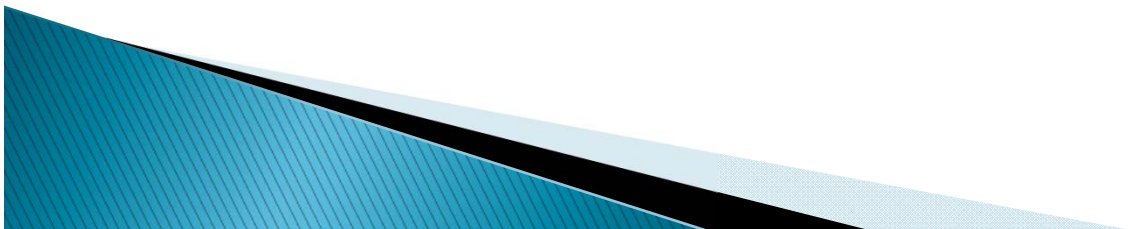
LAR Request

- ▶ Base Request
 - Within the GR target provided to each institution by the LBB
 - Formula funding is not included in the base request; it is calculated at the statewide level
- ▶ Exceptional Item Request
 - Over and above the base request
 - May include increase in existing strategy or creation of new strategy

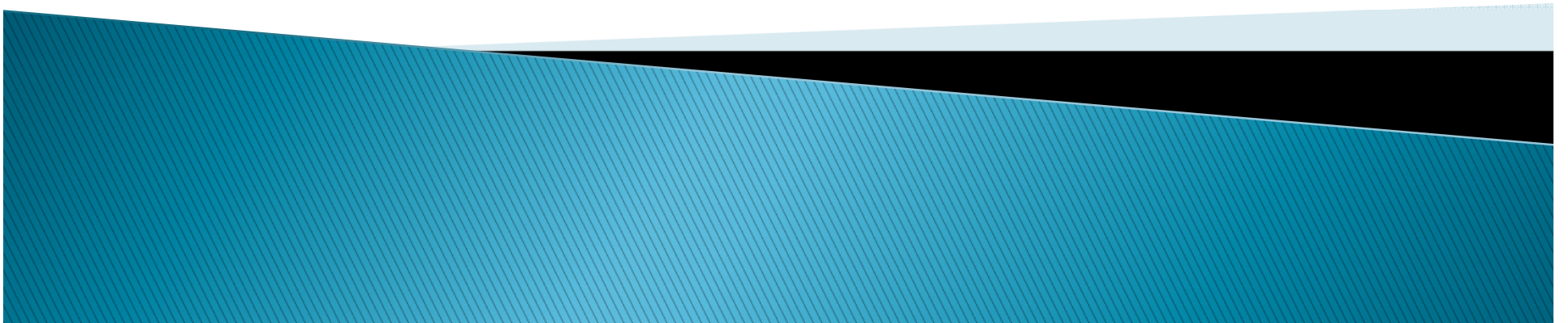


LAR Request

- ▶ October Update
 - Update revenues on Schedule 1 for 2014
 - Update Base Reconciliation with final 2014 expenditures of GRD (due to updated tuition in schedule 1)
 - Update Schedules 4 & 5
 - Update any strategies that tie to schedule 1 (Staff Group Insurance, TPEG, Medical Loans)
 - Any other updates requested by the LBB as they reviewed your August Submission
- ▶ 3A & 3B will be updated in January



Formula Funding



Formula Funding

Why are we here?

- ▶ Because they are such an important revenue source, it is important to understand the formulas
- ▶ Certain data included within the LAR plays a big role in how the formulas are calculated



Formula Basics

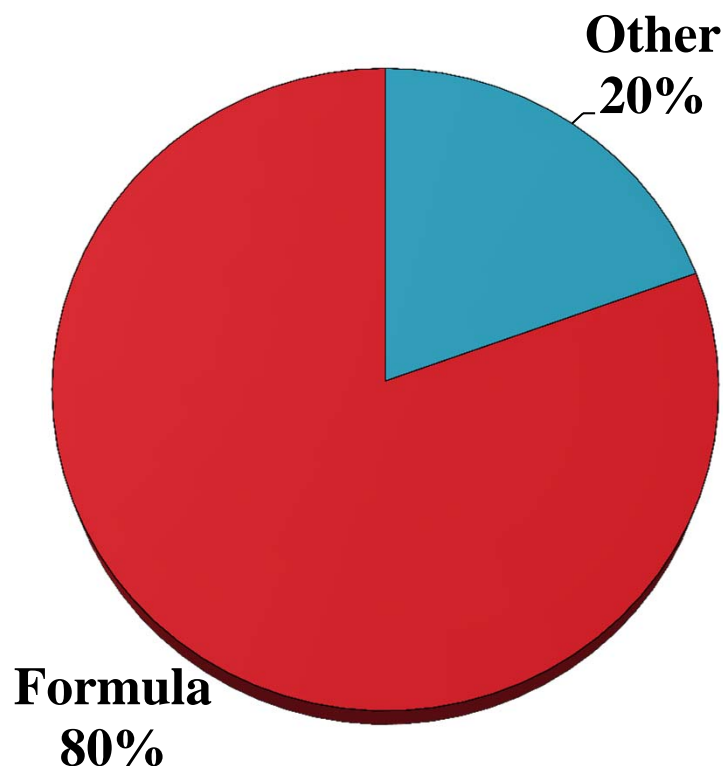
State Funding

General Academics: \$3.9 b GR (net)*

- Formula GR as percent of Net GR (less TRBs) is 80 percent. No significant change since at least 2008-09 biennium.

- However, significant variation among institutions: from 37% at UNT Dallas to 94% at UNT.

•GR direct appropriations. Net of TRB debt service. Also does not include HEF, health insurance, or retirement.

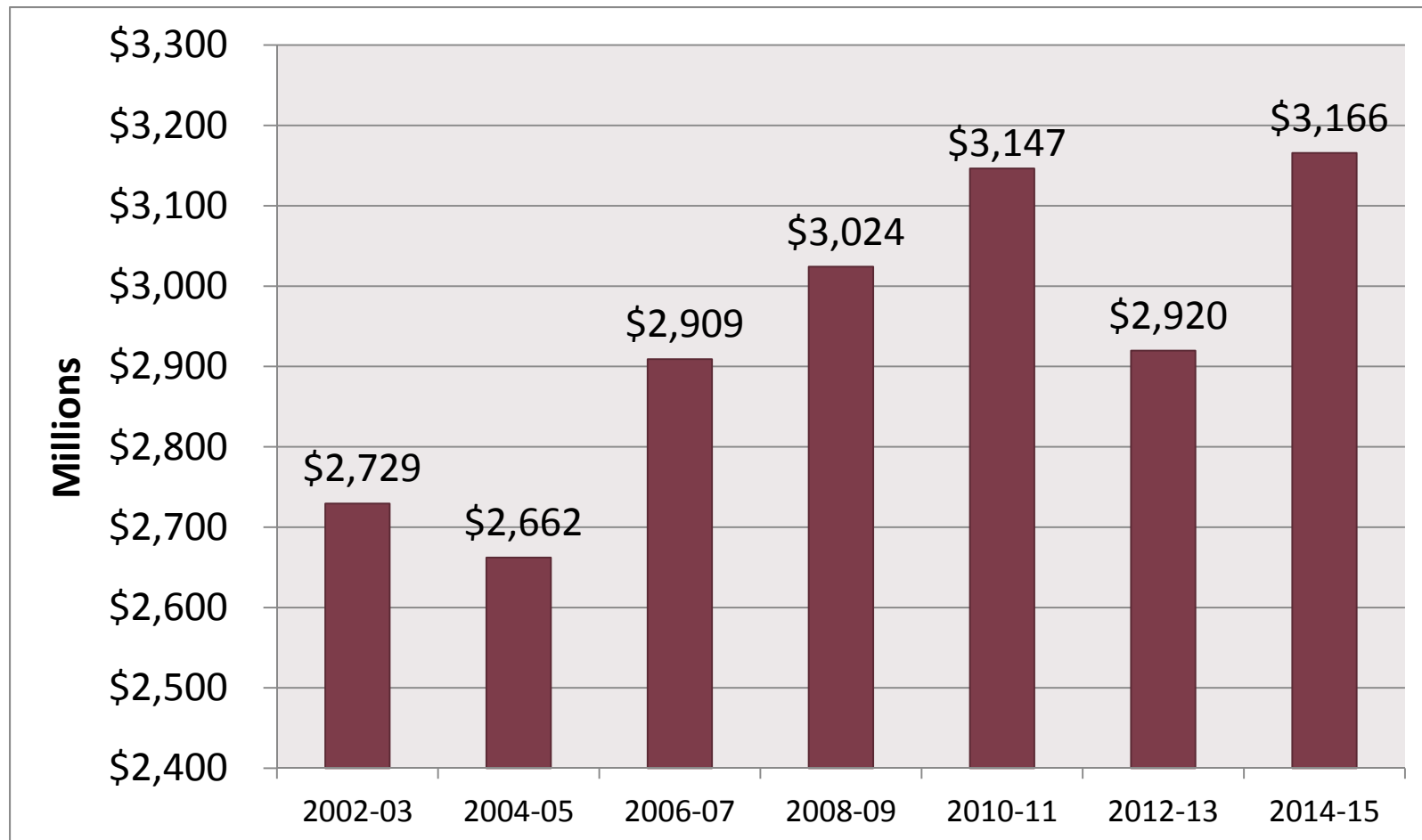


2014-15

Formula Basics

General Academics Formula GR

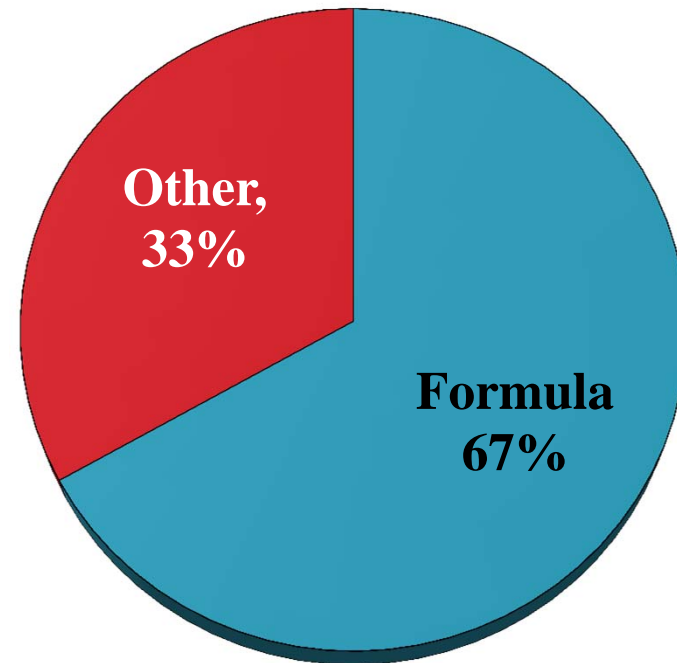
in millions



Formula Basics

State Funding *Health Related Institutions*

Formula GR is \$1.7 billion which is 67% of Total GR (less TRBs)



2014-15

•GR direct appropriations. Net of TRB debt service. Also does not include HEF, health insurance, or retirement.

Formula Basics

Principles

- Formulas are an allocation methodology for state appropriations
- Formulas use Base Year data
- I & O and Supplemental Formulas are based on SCHs
- Infrastructure is based on CB's "predicted" needs, not actual space, to encourage efficiency
- Formula Method of Finance uses the "All Funds" methodology where the amount of formula GR is offset by the amount of Other Educational and General Income (E&G) available to each institution



Formula Basics

Base Period for Upcoming Biennium

Enrollment during:

- Summer 2014
- Fall 2014
- Spring 2015*

Determines appropriations for

*For base bill Spring 2014 will be used as a proxy for Spring 2015. Updates for Spring data are provided in March/April during the Session.

Fiscal Year 2016

- Fall 2015
- Spring 2016
- Summer 2016

Fiscal Year 2017

- Fall 2016
- Spring 2017
- Summer 2017

Types of Formulas

General Academic (GAI)

Base Formulas

- ▶ Instruction & Operations (I&O)
- ▶ Infrastructure

Supplemental Formulas

- ▶ Teaching Experience
- ▶ Small Institution

Health Related (HRI)

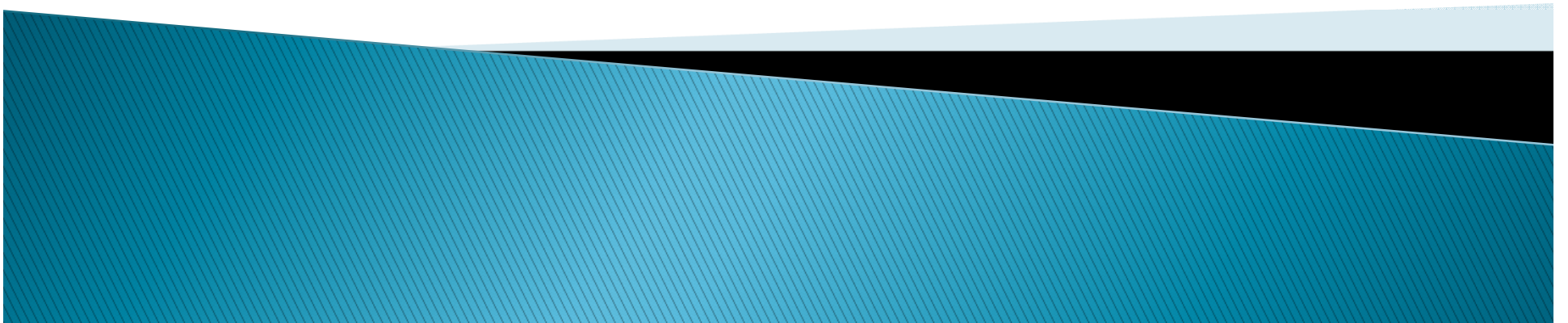
Base Formulas

- ▶ Instruction & Operations (I&O)
- ▶ Infrastructure
- ▶ Research Enhancement
- ▶ Graduate Medical Education
- ▶ Mission Specific

Supplemental Formulas

- ▶ Small Class Supplement
(included in I&O appropriation)

General Academic Formulas



General Academic Institutions

Formula Types

Two Formulas:

1. **Instruction and Operations:** Provides funding for faculty salaries, departmental operating expense, library, instructional administration, research enhancement, student services, and institutional support
2. **Infrastructure:** Facility maintenance and operations, utilities

Two Supplements:

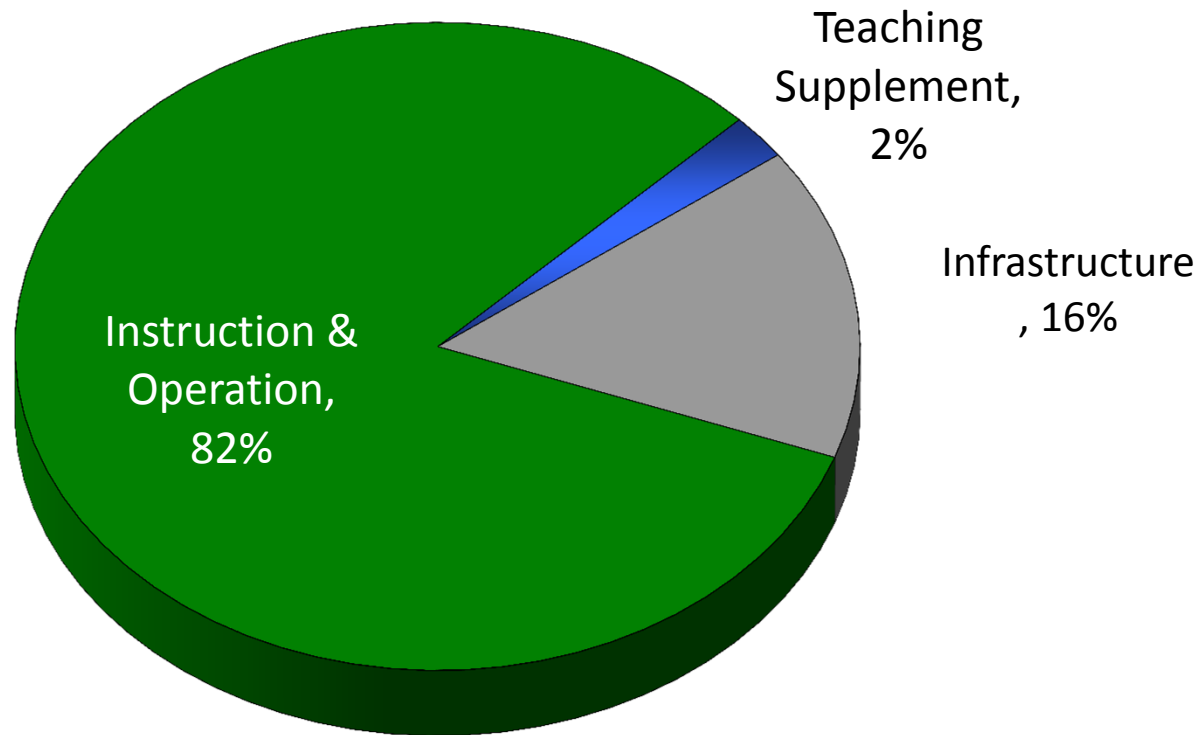
1. **Teaching Experience:** 10% premium for all undergrad SCHs taught by tenured or tenured track faculty
2. **Small Institution:** for universities with fewer than 10,000 headcount



General Academic Institutions

Distribution of Formula Funding

2014-15 Biennium



General Academic Institutions

Instruction and Operations Formula

- ▶ Based on academic and student-related functions
- ▶ Includes:
 - Faculty Salaries
 - Department Operating Expenses
 - Library
 - Instructional Administration (e.g. Dean's offices)
 - Research Enhancement
 - Student Services
 - Institutional Support



General Academic Institutions Instruction and Operations Formula

Each SCH is weighted to reflect relative differences in costs. Weights are based on:

Level (lower division, upper division, masters, etc.)

- Example: Graduate courses are expected to be taught in smaller class sections than undergraduate classes so graduate credit hours are weighted heavier than undergraduate credit hours

Program area (liberal arts, science, nursing, etc)

- For example, a credit hour in a lower division History course earns less formula funding than a lower division course in Art or Engineering



General Academic Institutions

Instruction and Operations Formula

Weights are determined based on a **cost study** that reflects the relative costs:

- Cost study is an objective, expenditure-based methodology using data from each institution's AFR
- Includes all funding sources, except Auxiliary
- All other weights are relative to lower level liberal arts, which has the weight of 1
- All weights are displayed in a chart called the "Formula Matrix" which is included in the General Appropriations Act
- Matrix is based on a 3-year rolling average of cost study weights. For the 2014-15 biennium, the matrix was based on the cost studies for fiscal years 2010, 2011, and 2012.



2014-15 Cost Study Matrix

	Lower Division	Upper Division	Masters	Doctorate	Special Professional
Liberal Arts	1.00	1.71	3.87	9.72	
Science	1.78	3.02	7.59	21.82	
Fine Arts	1.45	2.43	5.55	7.64	
Teacher Ed	1.53	1.89	2.43	7.95	
Agriculture	2.08	2.66	7.71	10.42	
Engineering	2.46	3.58	7.66	17.34	
Home Economics	1.03	1.65	3.09	8.37	
Law					4.81
Social Services	1.77	2.16	3.07	15.76	
Library Science	1.52	1.36	3.16	12.74	
Voc. Training	1.46	2.06			
Physical Training	1.37	1.14			
Health Services	1.09	1.73	2.96	9.75	2.72
Pharmacy	1.45	5.71	22.60	38.52	4.20
Business Admin.	1.17	1.71	3.25	23.21	
Optometry			34.48	50.88	5.98
Teach Ed. Practice	2.00	1.92			
Technology	2.35	2.46	3.86	3.85	
Nursing	1.88	2.01	3.52	8.60	
Developmental Ed	1.00				
Veterinary Medicine					21.15

General Academic Institutions Instruction and Operations Formula

Semester Credit Hours

SCH in base period (Summer, Fall, Spring)

X

Weight

Based on discipline and level of instruction

X

Rate

Funding rate set by the Legislature in the General Appropriations Act

\$54.86 for 2014-15



General Academic Institutions

Teaching Experience Supplement

- ▶ This is a simple add-on (or supplement) to the Instruction and Operations formula
- ▶ Lower and upper division SCH taught by tenure and tenure track faculty are given an additional 10 percent weight
- ▶ Intended to provide an incentive for the institution to assign tenure/tenure track faculty to teach undergraduate students



General Academic Institutions Infrastructure Support Formula

- ▶ Infrastructure formula has 3 components:
 - Operations and Maintenance (O&M)
 - Utilities
 - Small School Supplement
- ▶ Infrastructure formula is driven by the predicted space (**Net Assignable Square Feet or **NASF**) derived from the Coordinating Board's Space Projection Model**



General Academic Institutions Infrastructure Support Formula

Coordinating Board Space Model

Factor

Teaching Space

Library Space

Research Space

Office Space

Support Space
all

Variables

SCH by program and level

Faculty, students, approved programs and
holdings

SCH and Research expenditures

Faculty, non-faculty, and current fund E&G
Expenditures

Percent of total predicted square feet for
other factors



General Academic Institutions Infrastructure Support Formula

Coordinating Board Space Model

Factor	Percent of Total	
	Predicted	Actual
Teaching	37.5%	37.1%
Library	12.5%	11.9%
Research	11.6%	11.2%
Office	30.1%	33.0%
Support	8.3%	6.8%

General Academic Institutions Infrastructure Support Formula

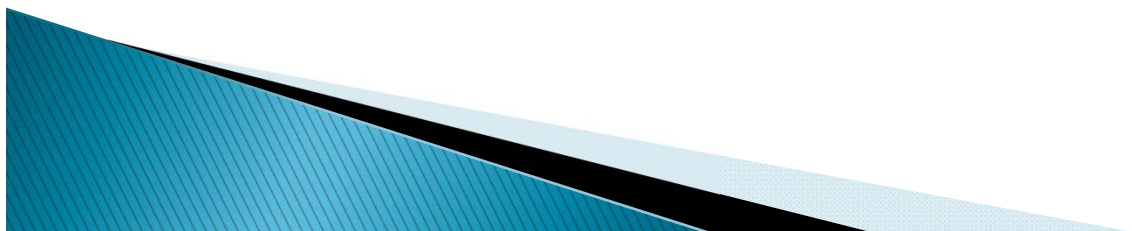
Predicted Square Feet X
Operations & Maintenance Rate

+

Predicted Square Feet X Utilities Rate

+

Small School Supplement (if applicable)



General Academic Institutions Infrastructure Support Formula

Operations and Maintenance(O&M) **\$2.92 (52.5%)**

- To provide for physical plant, grounds, maintenance, and custodial services

Utilities (statewide rate) **+ \$2.64 (47.5%)**

- Includes electricity, natural gas, water, wastewater, and thermal energy
- Rate is adjusted for each institution to reflect local utility rates, relative to other institutions

Statewide Avg. Infrastructure Rate/Pred. SqFt **\$5.56**

Small School Supplement – provides an additional \$750,000 / year to institutions with headcounts of fewer than 5,000. For institutions between 5,000 and 10,000 headcount, the small school supplement proportionally decreases down to zero when an institution reaches 10,000 headcount.



General Academic Institutions Infrastructure Support Formula

Utilities Adjustment by Institution

Statewide Rate

\$2.64

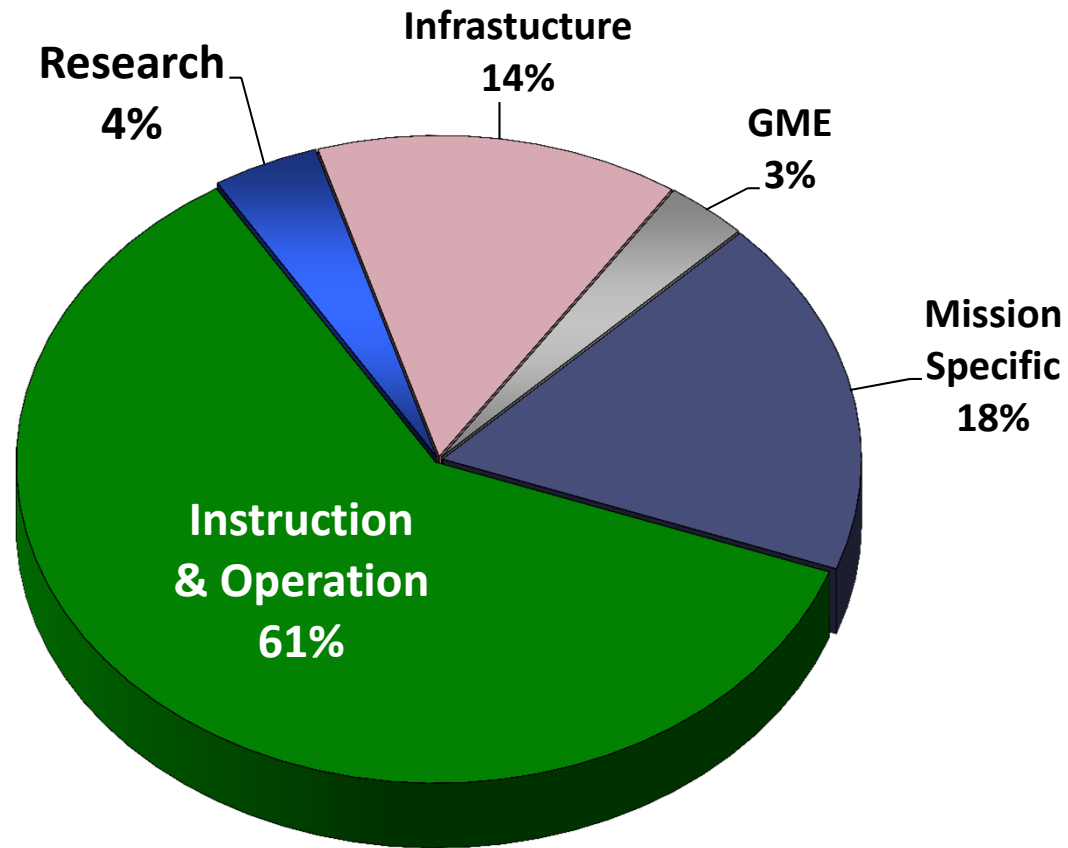
Texas A&M University	2.62
TAMU G	2.93
Prairie View A&M	2.50
Tarleton	2.87
TAMU Central Texas	2.64
TAMU CC	3.27
TAMU Kingsville	3.23
TAMU San Antonio	3.38
TAMU	3.10
WTAMU	1.94
Texas A&M Commerce	3.07
Texas A&M Texarkana	2.59

Health Related Formulas



Health Related Institutions

Distribution of Formula Funding 2014-15 Biennium



Health Related Institutions

Formula Types

Five Formulas:

1. **Instruction and Operations:** Provides funding for faculty salaries, departmental operating expense, library, instructional administration, student services, and institutional support
2. **Infrastructure:** Facility maintenance and operations, utilities
3. **Research Enhancement:** Supports research activities
4. **Graduate Medical Education (GME):** Supports graduate medical education
5. **Mission Specific:** Mission specific formulas related to cancer at MD Anderson and chest diseases at UTHSC Tyler

Health Related Institutions Instruction and Operations Formula

Key driver is number of student FTE's for the Base Period

- Medical and Dental 1 student = 1 FTE
- Undergraduate 30 SCH = 1 FTE
- Master's 24 SCH = 1 FTE
- Doctoral 18 SCH = 1 FTE



Health Related Institutions Instruction and Operations Formula

\$ = Student FTE's x program weight x base value of \$9,527

<u>Program</u>	<u>Weight</u>	
Allied Health	1.000	
Biomedical Science	1.018	
Nursing	1.138	
Pharmacy		1.670
Public Health	1.721	
Dental	4.601	
Medical	4.753	

+ Small Class Supplement: for instructional programs w/ enrollments of 200 students or less at individual campuses

Small Class Supplement Formula: $(1 - (\text{FTE}/200)) * \text{Rate} * \text{FTE}$. The rate for Medical and Dental is \$30,000; the rate for all other programs is \$20,000.

Health Related Institutions Infrastructure Support Formula

Coordinating Board Space Model

Factor

Teaching Space

Research Space

Office Space

Support Space

Clinical Space

Multi-Campus

Variables

Enrollment by program

Faculty FTE and Research expenditures

Faculty, non-faculty, and current fund E&G
Expenditures

Percent of total predicted sq ft for all
other factors plus 50,000 sq ft for library

Actual E & G clinical space

Percent of the actual square feet at multi
campuses



Health Related Institutions Infrastructure Support Formula

Space Projection Model: Calculations are available on the Coordinating Board website

Infrastructure Formula Calculations: Infrastructure is based on Coordinating Board's Health Related Institution Space Model that predicts space needs

$$\text{\$} = \text{Predicted Square Ft.} \times \text{\$6.63 per square foot}$$

The rate for M.D. Anderson and UTHSC Tyler is \$6.09 per square foot



Health Related Institutions

Other Formulas

Research Enhancement Formula: Key driver is research expenditures

$$\text{\$} = \$1,412,500 \text{ base} + 1.22\% \text{ of research expenditures}$$

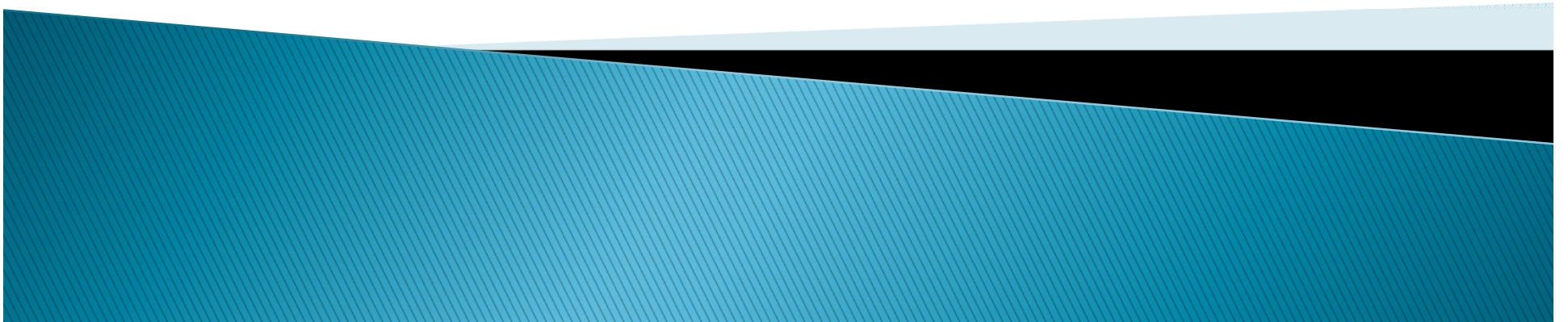
Graduate Medical Education (GME): Provides funding on a per medical resident basis

$$\text{\$} = \$5,122 / \text{year} / \text{resident in an accredited program}$$

Mission Specific: Supports Cancer and Chest Disease research and treatment at MD Anderson and UTHSC Tyler. Formula based on # of patients served and # of disease diagnoses.



A&M System Agencies



A&M System Agencies

Principles

- ▶ Most of funding is program based and not driven by formula
- ▶ Only receive formula funding for Infrastructure
 - For facilities in Brazos County to provide for facility maintenance and operations, and utilities
 - Based on the CB space model. Agencies submit data to CB
 - Calculated using the same rate as A&M



Income Estimates and All Funds Methodology



Income Estimates

- ▶ Income that is included in the General Appropriations Act is set forth in statute
- ▶ Legislative Budget Board (LBB) estimates income for each institution
- ▶ Funds in the GAA include
 - GR Dedicated Educational and General Income (E&G)
 - GR Dedicated Board Authorized Tuition Income (BATI)
- ▶ Both Methods of Finance are “estimated appropriations.”



Income Estimates

E&G Income sources that are included in the Method of Finance (as defined in Ed. Code, Ch 51.009):

- Net Statutory tuition
- Special course fees charged under Sections 54.051(e) and (l), Ed. Code
- Lab fees
- Student teaching fees
- Organized activity fees
- Proceeds from the sale of educational and general equipment

DESIGNATED TUITION is NOT included as a part of the method of finance for appropriations



E&G Income Estimates

General Academic Institutions

- ▶ LBB staff begin with actual income as reported by institutions in LARs
- ▶ LBB projected income for FY2013 to be analogous to base period SCH funded in the formula
 - First step: Grew 2012 total gross tuition by SCH change from Fall 2011 to Fall 2012 to estimate FY2013 total gross tuition



E&G Income Estimates

General Academic Institutions

	Fall 2011	Fall 2012			
	<u>Base Period SCH</u>	<u>Base Period SCH</u>	<u>Change</u>	<u>%</u>	<u>Adjustment</u>
	from CB	from CB			
Texas A&M University	605,100	609,532	4,432	0.73%	100.73%
Texas A&M Univ. at Galveston	27,072	26,610	-462	-1.71%	98.29%
Prairie View A&M University	98,167	100,915	2,748	2.80%	102.80%
Tarleton State University	109,680	116,083	6,403	5.84%	105.84%
Texas A&M - Central Texas	14,059	15,576	1,517	10.79%	110.79%
A&M Corpus Christi	112,653	117,940	5,287	4.69%	104.69%
A&M Kingsville	76,949	83,642	6,693	8.70%	108.70%
Texas A&M - San Antonio	31,219	36,180	4,961	15.89%	115.89%
A&M International	69,583	70,569	986	1.42%	101.42%
West Texas State University	90,761	91,864	1,103	1.22%	101.22%
A&M Commerce	103,288	104,650	1,362	1.32%	101.32%
A&M Texarkana	18,992	18,714	-278	-1.46%	98.54%
Total, General Academics	6,248,478	6,400,263	151,785	2.43%	102.43%
Source: LBB worksheets					

E&G Income Estimates

General Academic Institutions

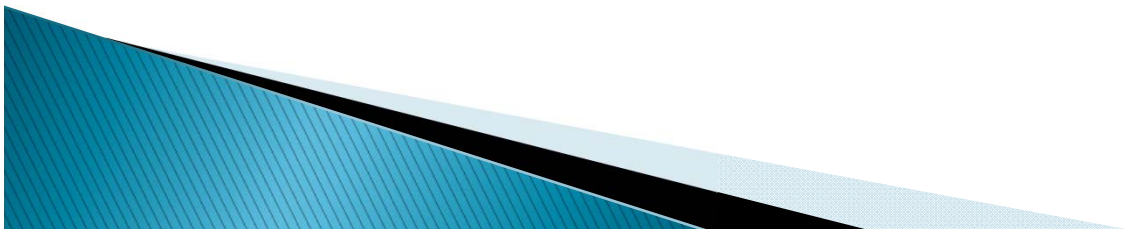
- Next: Split their estimated total gross tuition into resident and non-resident estimates for FY13 based on FY11 resident/non-resident ratio
- Then: Increased non-resident income by tuition rate increases for FY13, FY14, FY15. Resident tuition stays flat because no rate change

	Non-Resident Tuition Rate	estimate used for GAA	% increase	
FY 2002	\$ 253			
FY 2003	\$ 262		3.56%	
FY 2004	\$ 282		7.63%	
FY 2005	\$ 306		8.51%	
FY 2006	\$ 326		6.54%	
FY 2007	\$ 325		-0.31%	
FY 2008	\$ 328		0.92%	
FY 2009	\$ 331		0.91%	
FY 2010	\$ 327	\$ 328	-1.21%	
FY 2011	\$ 360	\$ 331	10.09%	
FY 2012	\$ 363	\$ 376	0.83%	
FY 2013	\$ 401	\$ 403	10.47%	
FY 2014	\$ 404	\$ 404	0.75%	
FY 2015	unknown	418.7107851	3.64%	*
*based on previous 6 year average increase				
Source: LBB worksheets				

E&G Income Estimates

General Academic Institutions

- ▶ Remissions/Exemptions:
 - The LBB estimate is kept at the same proportion to gross tuition as in FY12
- ▶ TPEG, OASI, and TRS/ORP are calculated in a similar manner based on proportions
- ▶ The E&G Staff Group Insurance is based on the LBB base bill funding rates for HEGI
- ▶ Other factors are based on what you report in the LAR



Agency Code: 711

TEXAS A&M UNIVERSITY

	LAR Actual 2012	LAR Budgeted 2013	LAR Estimated 2014	LBB 2014	LAR Estimated 2015	LBB 2015
Gross Resident Tuition	65,134,328	62,808,989	63,180,233		63,180,233	
Gross Non-Resident Tuition	64,420,233	66,427,138	66,819,767		66,819,767	
Gross Tuition	129,554,561	129,236,127	130,000,000	136,861,524	130,000,000	139,142,791
Less: Remissions and Exemptions	(36,168,099)	(38,800,000)	(39,000,000)	(38,208,004)	(39,000,000)	(38,844,871)
Less: Refunds				-		-
Less: Installment Payment Forfeits				-		-
Less: Board Authorized Tuition Increases	(9,054,531)	(9,007,657)	(9,050,000)	(9,007,657)	(9,050,000)	(9,007,657)
Less: Statutory Tuition Increases				-		-
Less: Tuition increases charged to doctoral students with hours in excess of 100	(1,256,222)	(1,250,000)	(1,200,000)	(1,250,000)	(1,200,000)	(1,250,000)
Less: Tuition increases charged to undergraduate students with more than 45 hours above degree requirements	(705,315)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Less: Tuition rebates for certain undergraduates	(966,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)
Plus: Tuition waived for Students 55 Years or Older				-		-
Less Tuition for Repeated or Excessive Hours (Threepeat)	(2,108,396)	(1,787,978)	(1,600,000)	(1,787,978)	(1,600,000)	(1,787,978)
Plus: j. Tuition waived for Texas Grant Recipients						
Subtotal	79,295,998	76,590,492	77,350,000	84,807,885	77,350,000	86,452,285
Less: Transfer of Tuition to Retirement of Indebtedness: Skiles Act				-		-
Less: Transfer of funds for Texas Public Education Grants Program	(9,450,179)	(9,306,826)	(9,500,000)	(9,983,175)	(9,500,000)	(10,149,579)
Less: d. Transfer of Funds for Doctoral Incentive Loan Repayment Program	(181,634)	(180,000)	(180,000)	(191,878)	(180,000)	(195,077)
Less: e. Other Authorized Deduction				-		-
Net Tuition	69,664,185	67,103,666	67,670,000	74,632,832	67,670,000	76,107,629

Item in Income Estimate	How LBB Projects
Gross Resident Tuition	LBB Calculation
Gross Non-Resident Tuition	LBB Calculation
Less: Remissions and Exemptions	LBB Calculation (proportionate)
Less: Board Authorized Tuition Increases	FY13
Less: Tuition increases charged to doctoral students with hours in excess of 100	FY13
Less: Tuition increases charged to undergraduate students with more than 45 hours above degree requirements	FY13
Less: Tuition rebates for certain undergraduates	FY13
Less Tuition for Repeated or Excessive Hours (Threepeat)	FY13
Less: Transfer of funds for Texas Public Education Grants Program	LBB Calculation (proportionate)
Less: d. Transfer of Funds for Doctoral Incentive Loan Repayment Program	LBB Calculation (proportionate)
Student Teaching Fees	none reported
Special Course Fees	none reported
Laboratory Fees	FY12 or FY13, whichever is higher
a. Local Funds in State Treasury	FY12 or FY13, whichever is higher
b. Funds in Local Depositories, e.g., local amounts	FY12 or FY13, whichever is higher
c. Other Income	FY12 or FY13, whichever is higher
Less: O.A.S.I. Applicable to Educational and General Local Funds Payrolls	LBB Calculation (proportionate)
Less: Teachers Retirement System and ORP Proportionality for Educational and General Funds	FY12
Less: Staff Group Insurance Premiums	LBB Calculation (HEGI)

E & G Income Estimates Health Related Institutions

- ▶ Health Related E & G Income Estimates for the FY 2014 – FY 2015 biennium were based on FY 2012 actual revenue
- ▶ The LBB makes some adjustments for proportionality so it does not tie exactly to Schedule 1

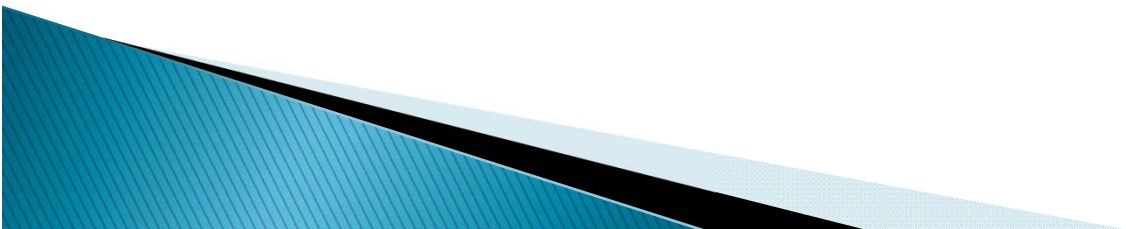


Income Estimates

Estimated E&G Income is divided into:

- ▶ **E&G Set Asides:** Funds which are allocated to other strategies and therefore ***unavailable*** to fund the formulas
 - Texas Public Education Grants (TPEG)
 - Organized Activity fees (Ex. Vet Teaching Hospital)
 - Medical Loans (HRIs only)
 - Staff Group Insurance Premiums (*proportional amount for those employees paid from Other E&G income sources*)
- ▶ **Formula E&G:** LBB E&G estimate less the E&G Set Aside total. This is the amount which is allocated across the formula strategies

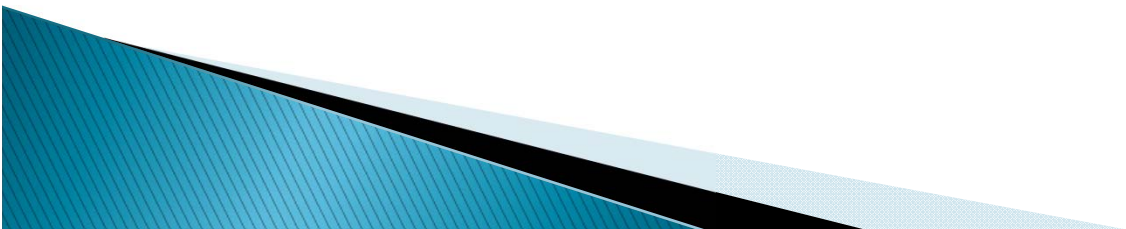
Amount of Formula E&G impacts the Formula GR



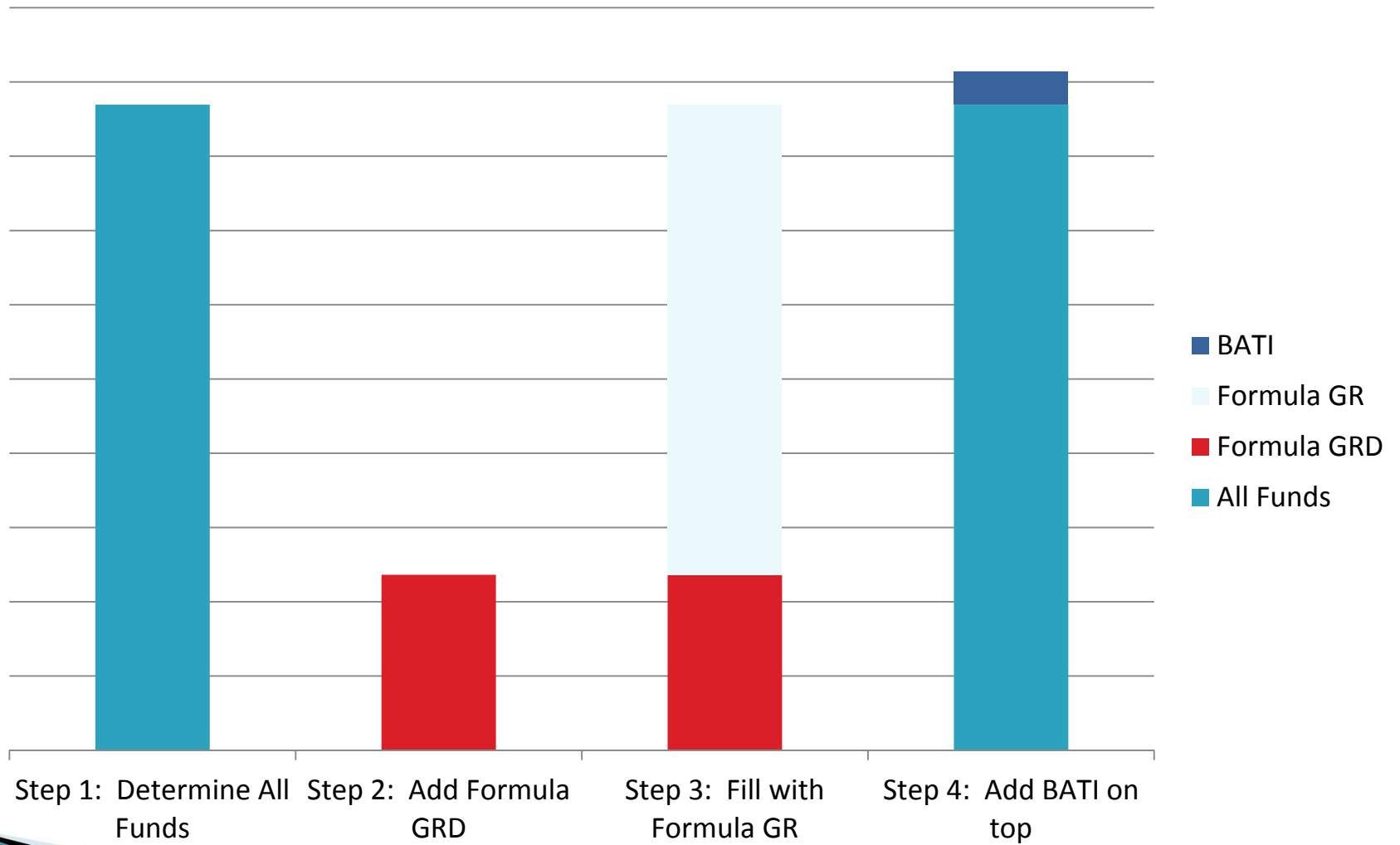
Income Estimates

- ▶ Use All Funds method to determine GR.
 - Calculate formula total
 - Allocate Formula Other E&G across formula strategies
 - GR is the difference between Formula Total less Formula E&G Income
- ▶ Board Authorized Tuition (graduate tuition charge above the \$50/sch rate) is distributed across formula components **after** GR is determined

Formula GR = Formula Total – Formula E&G



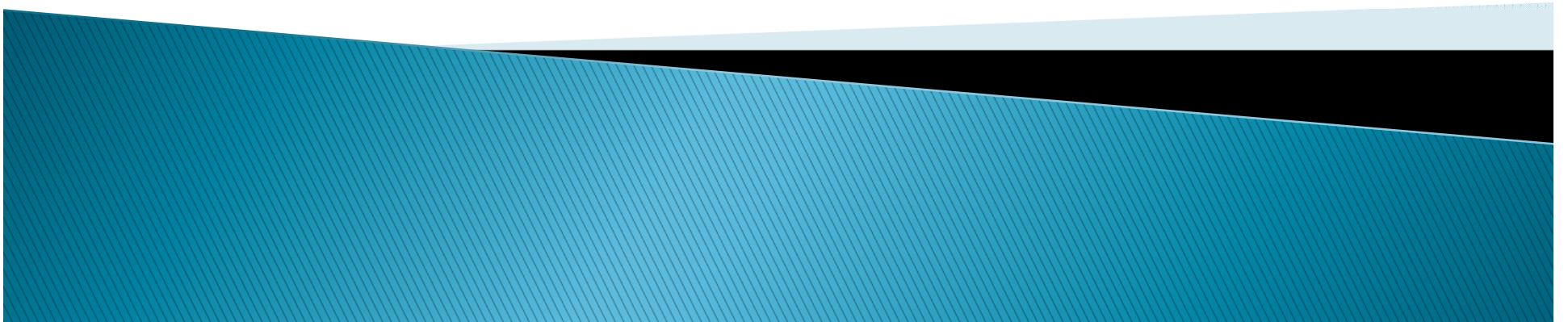
All Funds Methodology



All Funds Methodology

- ▶ All Funds Methodology determines each institution's GR funding level
- ▶ Important for E&G Income estimates to be as accurate as possible
 - LBB determines income estimates. If too high, GR is lower. If too low, GR is higher. But if too high one session, catches up next.
- ▶ Issues:
 - LBB does not adjust the remissions and exemptions for the growth in non-resident tuition
 - Significant fluctuations, particularly for fast growing institutions
- ▶ Will work with LBB during interim to improve and stabilize methodology

Formula Funding Rates

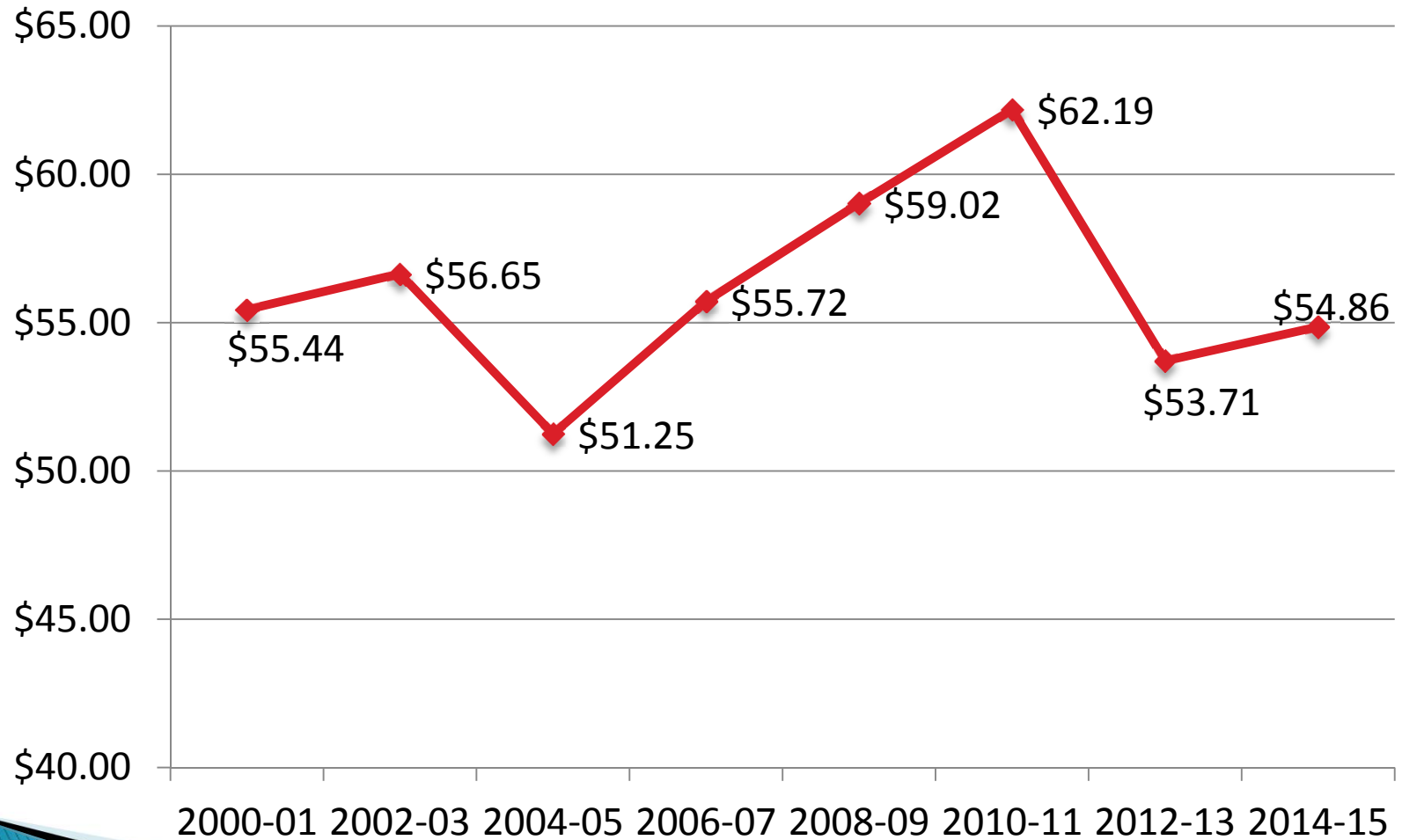


All Funds Methodology

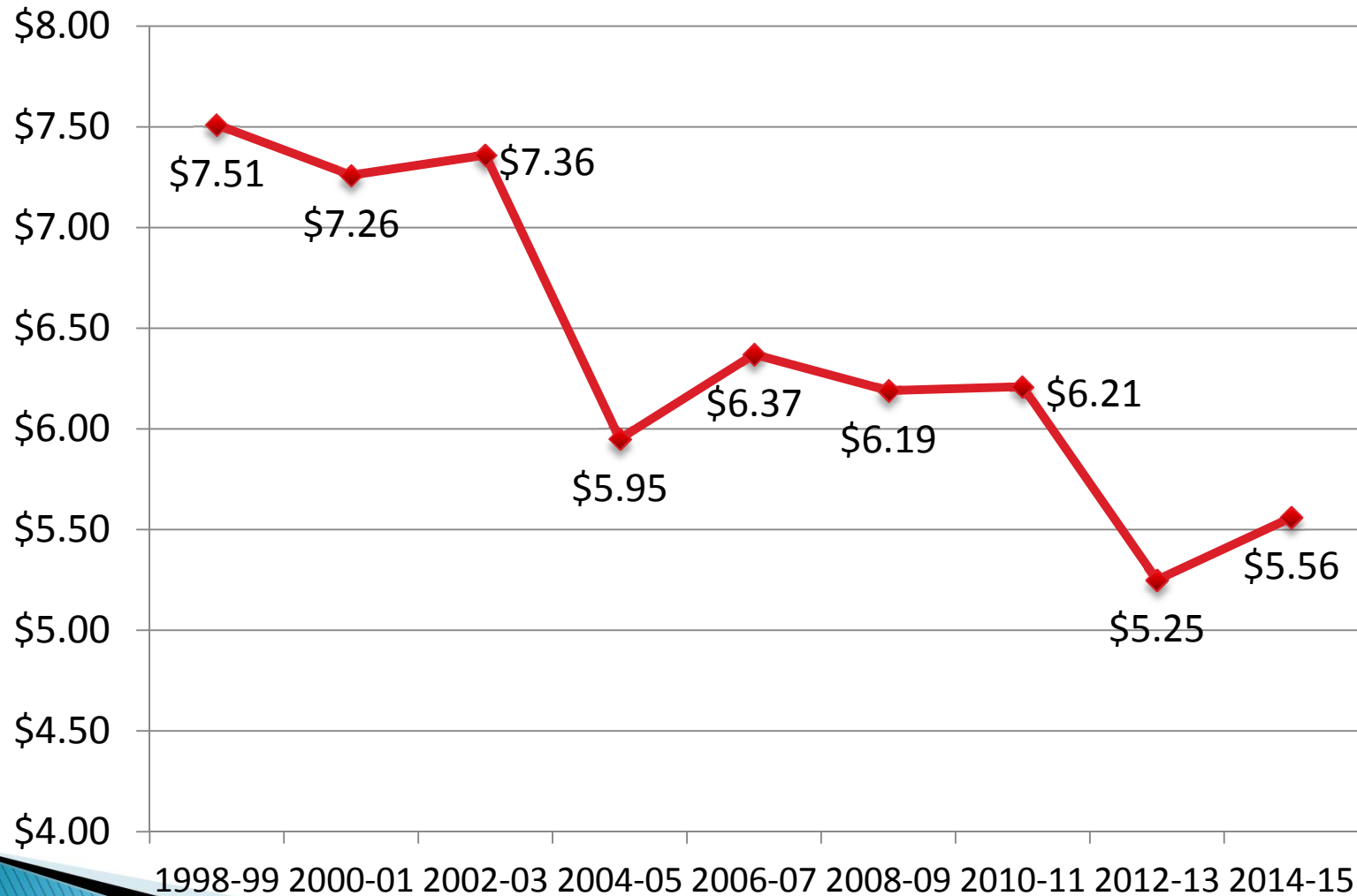
- ▶ All Funds Methodology used only at institution level in previous sessions. Statewide formula GR was determined by Legislature first and then the funding rate was calculated.
- ▶ This session, Legislature's formula policy was based on determining the funding rate first and then calculating the GR needed to fund the rate
 - Upside for the HRIs, GR was added to the base bill formulas to maintain the 2012-13 rates because statewide E&G Income estimates were lower and more GR was needed to fund the rates.
 - Downside for the Academics, statewide E&G Income estimates were higher...so less GR was needed to fund the rates
 - Upside for all higher ed: Legislature kept adding funding until they achieved the rate that they wanted

General Academics

Instruction and Operations Rates (per WSCH)

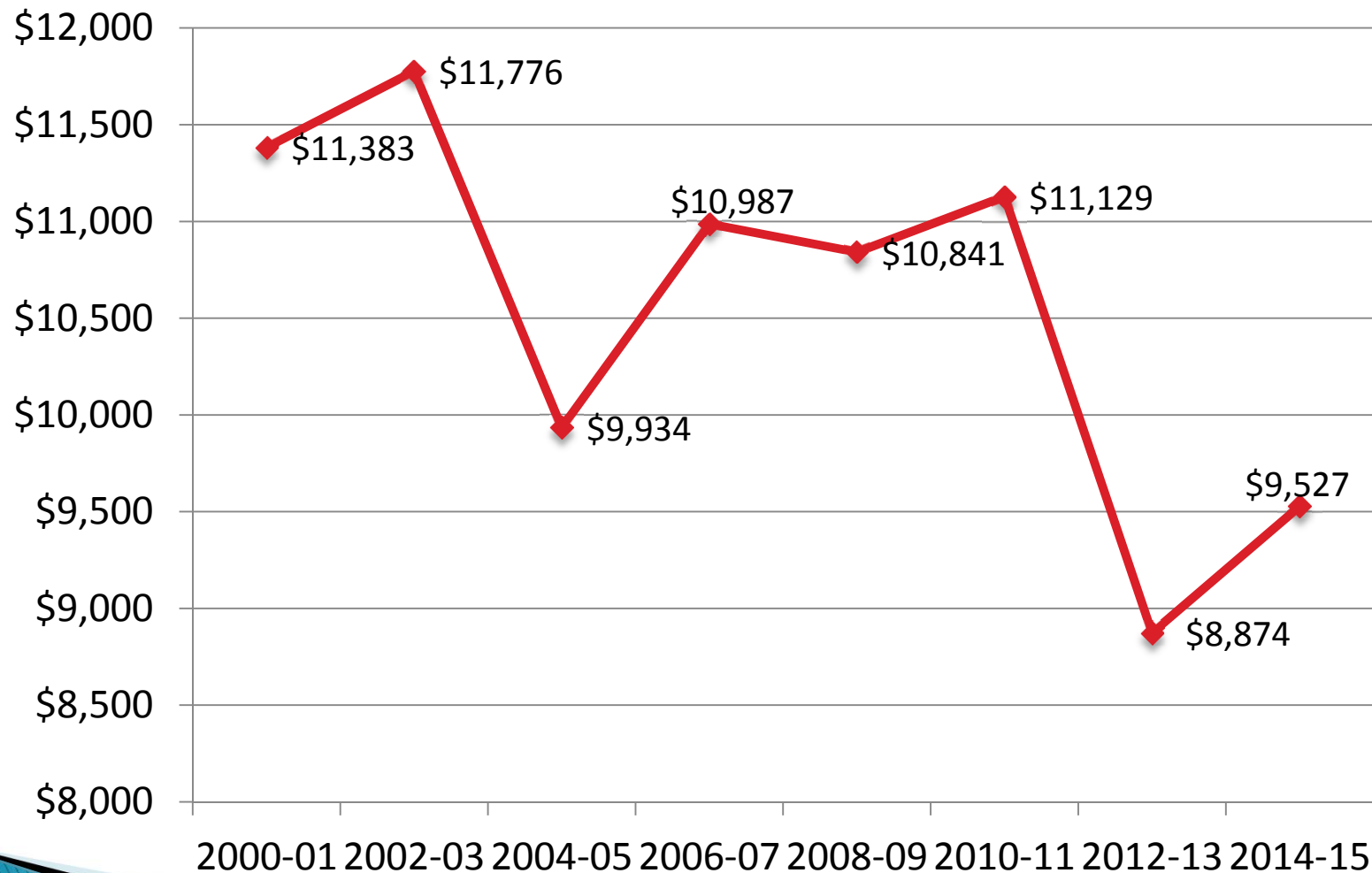


General Academics Infrastructure Formula Rates (per NASF)

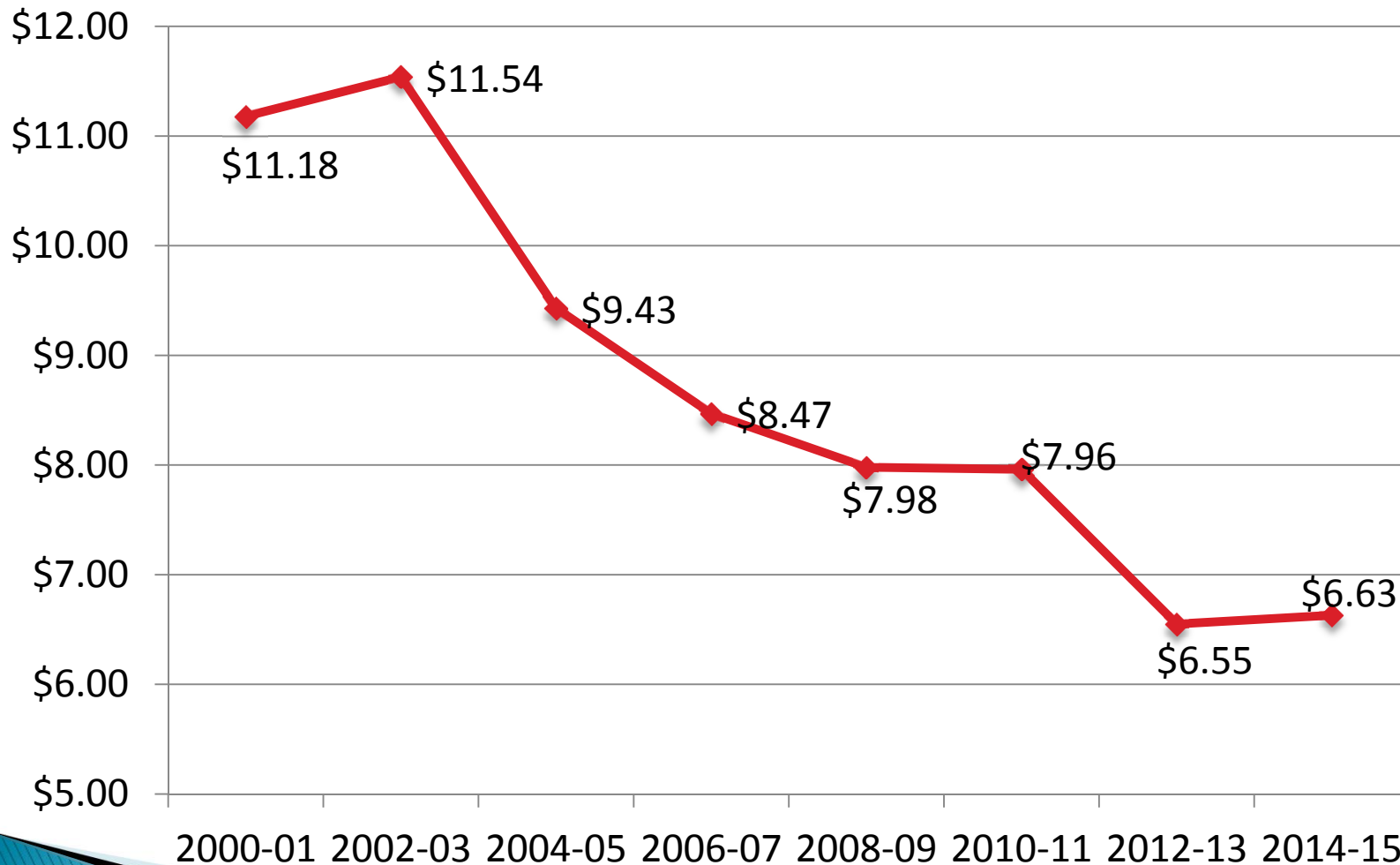


Health Related Institutions

Instruction and Operations Rates (per WFTF)

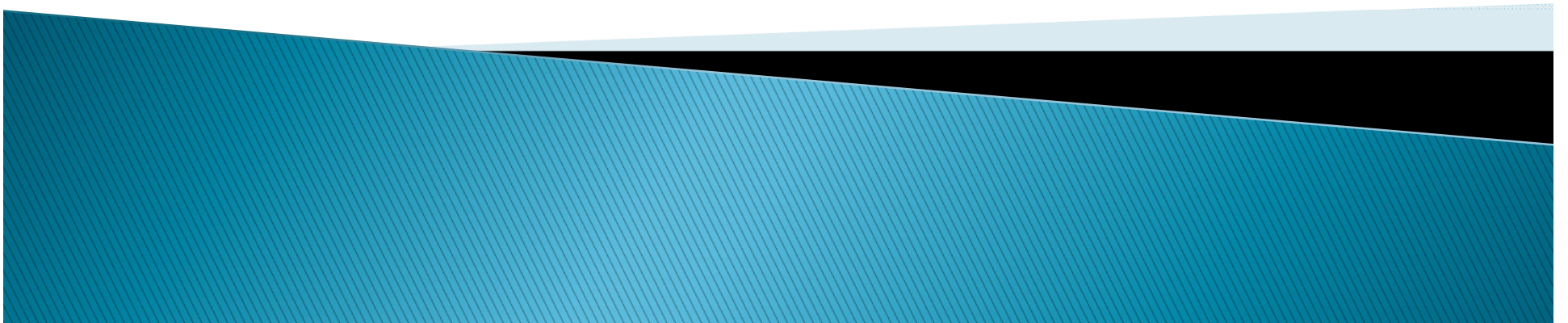


Health Related Institutions Infrastructure Formula Rates (per NASF)



TAMU - CT

Example



Instruction and Operations Formula Calculation

46,904 SCHs* x Weights from Matrix = 105,878 WSCHs

x

\$56.86 Funding Rate set by Legislature =

\$6,016,441 / year

for Instruction and Operations Formula Funding

** Summer 12, Fall 12, and Spring 13 SCHs in base period.*



Teaching Supplement Calculation

37,910 WSCHs
Lower level and Upper level SCHs taught by Tenured/Tenured Track faculty

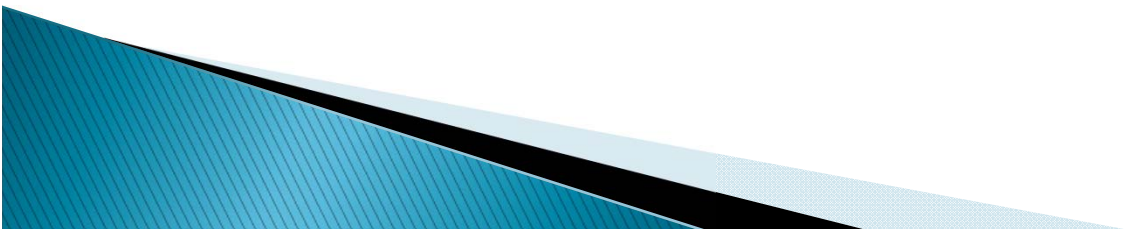
X

10% = 3,791 WSCHs

X

\$54.86 Funding Rate set by Legislature =

\$207,974 / year
for Teaching Supplement



Infrastructure Formula Calculation

	<u>Statewide</u>	<u>TAMU-CT</u>
Operations and Maintenance (O&M)	\$2.92	\$2.92
Utilities	+ 2.64	+ <u>\$2.64*</u>
Infrastructure Rate	<u>\$5.56</u>	<u>\$5.56</u>

Headcount = 2,317 < 5,000

Small School Supplement = \$750,000/year

*TAMU-CT's overall utility costs are 0.14% higher than the statewide average. Therefore, TAMU-CT's utility rate rounds to the same as the statewide rate.



Infrastructure Formula Calculation, cont.

<u>TAMU-CT Space</u>	<u>Predicted Sq. Ft. (PSF)</u>	<u>Actual</u>	
Teaching Space	49,834	56,667	
Library Space	34,306	20,238	
Research Space	3,338	0	
Office Space	49,580	48,570	
Support Space	<u>12,335</u>	<u>4,235</u>	
Total	<u>149,392</u>	<u>129,710</u>	
Space Surplus/(Deficit)	<u>(19,682)</u> sq. ft.		



Infrastructure Formula Calculation, cont.

$$\begin{aligned} & \frac{\text{149,392 PSF}}{\text{(Per CB's space model)}} \times \frac{\text{\$5.56}}{\text{(TAMU-CT's adjusted rate)}} \\ & \times 0.989 \\ & \text{Statewide adjustment} \\ & \text{(after reducing overall funding for Small School Supplement and other set asides)} \\ & = \\ & \text{\$821,616 / year for Infrastructure Support} \end{aligned}$$



TAMU-CT: Formula Breakdown

FY 2014	Actual (base) Formula Amts.	% of Total
Operations Support	6,016,108	85.4%
Teaching Supplement	207,937	3.0%
Infrastructure Support	<u>821,615</u>	<u>11.6%</u>
TOTAL	<u>7,045,660</u>	<u>100.0%</u>

Net E&G Income Allocation	GR Allocation	Board Auth. Tuition Allocation
1,599,194	4,416,914	227,523
32,637	175,300	0
<u>323,649</u>	<u>497,966</u>	<u>0</u>
→ 1,955,480	5,090,180	← 227,523

Total, Estimated E&G Income (from appropriations bill)

2,498,975

Less:

TPEG	(396,938)
Organized Activities	(0)
Staff GIP	<u>(146,557)</u>

NET E&G Income

(Amount allocated to the Formula totals)

1,955,480 ←

	FY 2014 TOTAL
Operations	6,243,631
Teaching	207,937
Infrastructure**	<u>821,615</u>
TOTAL	7,273,183

**AMOUNTS AS THEY APPEAR IN THE
APPROPRIATIONS BILL.**

**Excludes \$750,000 Small School Supplement

Est. Board Auth Tuition Increase (BATI)
(per appropriation bill)

227,523 ←

TAMU-CT: Formula Breakdown

TEXAS A&M UNIVERSITY - CENTRAL TEXAS

(Continued)

Number of Full-Time-Equivalents (FTE)-
Appropriated Funds

133.9

133.9

1. **Informational Listing of Appropriated Funds.** The appropriations made above for Educational and General State Support are subject to the special and general provisions of this Act and include the following amounts for the purposes indicated.

A. Goal: INSTRUCTION/OPERATIONS

Provide Instructional and Operations Support.

A.1.1. Strategy: OPERATIONS SUPPORT	\$	6,243,631	\$	6,243,631
A.1.2. Strategy: TEACHING EXPERIENCE SUPPLEMENT	\$	207,937	\$	207,936
A.1.3. Strategy: STAFF GROUP INSURANCE PREMIUMS	\$	146,557	\$	158,802
A.1.4. Strategy: WORKERS' COMPENSATION INSURANCE	\$	7,350	\$	7,350
A.1.5. Strategy: UNEMPLOYMENT COMPENSATION INSURANCE	\$	6,458	\$	6,458
A.1.6. Strategy: TEXAS PUBLIC EDUCATION GRANTS	\$	396,938	\$	403,461

Total, Goal A: INSTRUCTION/OPERATIONS	\$	7,008,871	\$	7,027,638
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B. Goal: INFRASTRUCTURE SUPPORT

Provide Infrastructure Support.

B.1.1. Strategy: E&G SPACE SUPPORT	\$	821,615	\$	821,615
B.1.2. Strategy: TUITION REVENUE BOND RETIREMENT	\$	1,645,250	\$	1,649,050
B.1.3. Strategy: SMALL INSTITUTION SUPPLEMENT	\$	750,000	\$	750,000

Total, Goal B: INFRASTRUCTURE SUPPORT	\$	3,216,865	\$	3,220,665
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C. Goal: PROVIDE SPECIAL ITEM SUPPORT

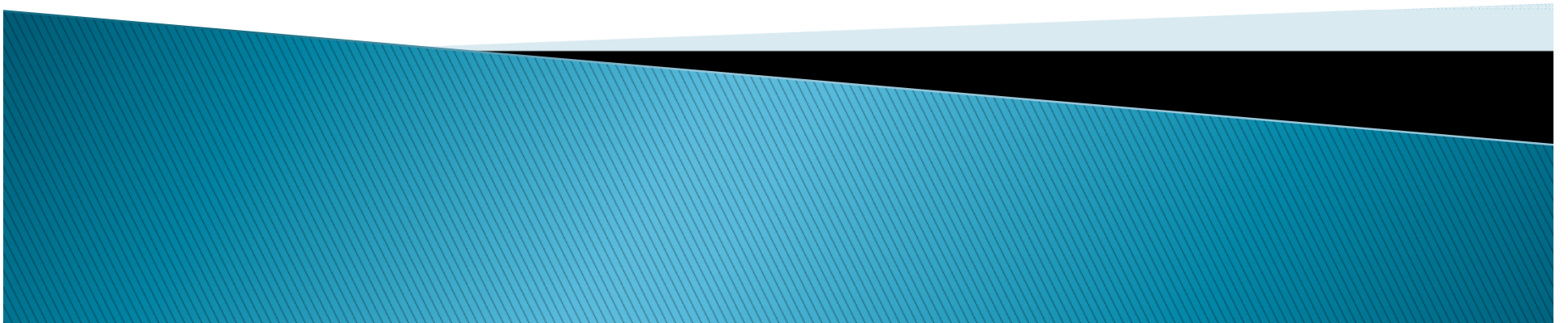
C.1.1. Strategy: TRANSITION FUNDING	\$	5,710,417	\$	5,710,417
C.2.1. Strategy: INSTITUTIONAL ENHANCEMENT	\$	500,000	\$	500,000

Total, Goal C: PROVIDE SPECIAL ITEM SUPPORT	\$	6,210,417	\$	6,210,417
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Grand Total, TEXAS A&M UNIVERSITY - CENTRAL
TEXAS

	\$	16,436,153	\$	16,458,720
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Bottomline



Timeline is Short

Jan. 2014	LBB/Governor's Office begin work on LAR instructions
Spring 2014	Admissions offers for Fall 2014. Non-semester length courses that count in summer may have begun as early as Feb.
May 2014	LAR instructions Issued
June 2014	Start of Base Period when Summer 2014 begins.
Aug. 2014	LARs due. Fall 2014 Semester.
Sept. 2014	LAR Hearings
Oct. 2014	LAR updates
Jan. 2015	Base Bill filed. Session begins. Spring 2014

Bottomline

- ▶ The formulas and the tuition income estimates are the mechanics of how your GR formula appropriation is determined.
- ▶ LBB takes all the inputs (SCH, space model data, actual expenditures) and uses same methodology for all institutions to determine appropriations.
- ▶ We have very limited ability to change how the inputs are mechanically used but will work with LBB to improve the methodologies.



Administrator's Statement



Administrator's Statement

- ▶ The Administrator's Statement is the narrative summary of your institution's priorities and LAR requests.

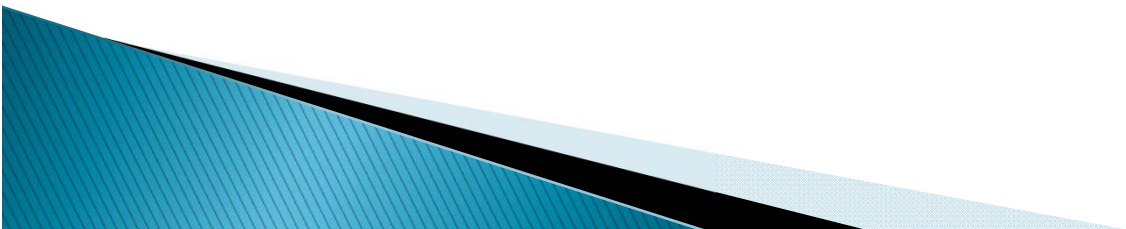
- ▶ Content varies by institution. Ideas could include:
 - Unique characteristics of your institution
 - Recent accomplishments
 - Improvement in key metrics (degrees awarded, retention, enrollment growth, etc.)
 - Challenges to your institution
 - Ways your institution is addressing state needs
 - etc.



Administrator's Statement

Required elements:

- ▶ Explanation of 10 percent GR base reduction exercise.
- ▶ Explanation of impact of federal health care reform.
- ▶ Description of background checks authority and procedures.
- ▶ System Offices/Independents: Board of Regents information (regent name, date term expires, hometown).



Administrator's Statement

Be sure to include:

- ▶ Exceptional Item Requests: description of the program and funding request by year and MOF.
- ▶ Tuition Revenue Bond Requests: description of project, include both the total project cost and the TRB request so your institutional match is clear.
- ▶ Any standard language required by your System Office.



Administrator's Statement

Pointers:

- ▶ Limited to 30,000 characters in ABEST. No charts or graphs.
- ▶ Get started drafting this early in the process so that it can get all the various levels of review required at your institution/system (president, VPs, GR, other?).
- ▶ *This is the only part of the LAR read by many capitol staff. It is important to have a strong, well written Administrator's Statement.*



Exceptional Items



Exceptional Item Requests

Exceptional Items are requests for new funding over the baseline request.

▶ **Exceptional items include:**

- Increased funding for existing special items
- Funding for new programs
- Funding for debt service for new TRB requests

▶ **Exceptional Items do NOT include:**

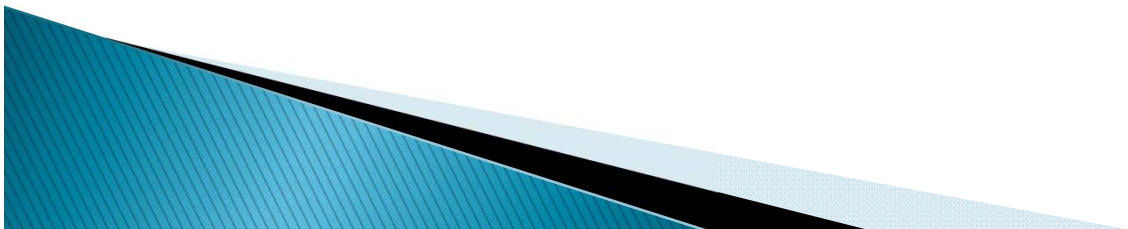
- Baseline funding for existing special items or programs
- Increased funding anticipated in formula strategies
- Increases in debt service for existing TRBs. This is current practice. The policy letter that accompanies the LAR instructions will lay this out.

- ▶ You have to develop the same data elements for Exceptional Items as you do for other strategies (OOE, MOF, FTEs).



Exceptional Item Requests

- ▶ Exceptional Items are appear in the LAR in several places:
 - Administrator's Statement
 - Summary of Request,
 - 2E, Summary of Exceptional Items Request
 - 2F,
 - 2G,
 - Schedule 4
 - 4.A. Exceptional Item Request
 - 4.B. Exceptional Item Allocation
 - 4.C. Exceptional Item Strategy Request



Exceptional Item Requests

- ▶ **Administrator's Statement:** Include a detailed description of the request in the Administrator's Statement
 - For many staffers, the Administrator's Statement is the primary place they go for information on the exceptional items.
 - Include the amount of the funding request by year and method of finance in the description.



Exceptional Item Requests

Summary of Request:

- ▶ 2E, Summary of Exceptional Items Request. Pulls data from Exceptional Item Strategy Requests. Only data entry is for 100% federally funded FTEs.
- ▶ 2F, Summary of Total Request by Strategy. Pulls data from Schedules 3 and 4. No additional data entry required.
- ▶ 2G, Summary of Total Request Objective Outcomes. Pulls data from Schedules 3 and 4. No additional data entry required.



Exceptional Item Requests

Schedule 4 Requests for Exceptional Items

▶ 4.A. Exceptional Item Request

- You will need to complete a Schedule 4.A. for each Exceptional Item
- Very similar to Schedule 3 Strategy Request
- Be sure to include the additional information required in the Description / Justification section that is similar to what you include on Schedule 9 for your special items.
- Be sure to include an exceptional item request for debt service for new TRBs for which you are seeking statutory authorization.



Exceptional Item Requests

Schedule 4 Requests for Exceptional Items

- **4.B. Exceptional Item Allocation:** Complete form for each impacted strategy for each exceptional item.
 - For the GAls and HRIs, generally you will have two Schedule 4.Bs.
 - “Exceptional Item Request” - summary of all your programmatic exceptional item requests.
 - “TRB Debt Retirement” for TRB debt service for newly requested projects.
 - For the A&M Agencies, generally exceptional items will tie back to program strategies. There may be instances where an exceptional item that is allocated across multiple program strategies or where one strategy is impacted by multiple exceptional items.
- **4.C. Exceptional Item Strategy Request:** Totals all exceptional items for each strategy.



Exceptional Item Requests

Pointers:

- ▶ Make sure your descriptions throughout the LAR are consistent.
- ▶ Make sure your numbers in the request are the same as in the descriptions.



Tuition Revenue Bond Requests



Tuition Revenue Bonds

- ▶ Tuition Revenue Bonds (TRBs) are bonds authorized by the Legislature for major construction and renovation projects.
- ▶ Historically, the Legislature has also provided funding for the debt service of any authorized TRBs.
- ▶ Debt service for existing TRBs is included in the baseline budget strategy request.
- ▶ Schedule 8D – Tuition Revenue Bonds Request by Project, provides the detail by project of the total baseline debt service request for existing bonds.



Requests for New Tuition Revenue Bonds

- Schedule 8A: Tuition Revenue Bond Projects must be completed to provide details for any new TRB requests. This includes information from the physical plant department such as project cost, square footage, etc.
- An exceptional item must be submitted for the debt service related to the requested bonds.
- Additional information for each TRB is also required to be submitted to the THECB and is used to evaluate TRBs on a statewide level. This process is separate from the LAR process.



Tuition Revenue Bond LAR Schedules

- ▶ Institutions and Systems are required to complete Schedules 8 A-D for TRBs.
 - Schedules 8A – Tuition Revenue Bond Projects – provides details for new TRB requests.
 - Schedule 8B – Tuition Revenue Bond Issuance History
 - Schedule 8C – Revenue Capacity for Tuition Revenue Bond Projects - completed by the systems (or at institution for the independents) and included in the System Offices LAR.
 - 8D - Tuition Revenue Bonds Request by Project - provides the detail by project of the total baseline debt service request for existing bonds. This schedule should tie to Schedule 3A, Strategy Request for TRB debt service.



Tuition Revenue Bond Requests



Pointers:

- ▶ Use standard assumptions for your debt service calculations. Your system office will likely provide.
 - In the past, higher education has generally used 6 percent for 20 year bonds.
- ▶ Make sure your description and numbers tie to what you have in your Administrator's Statement.



Schedule 1A:

Other Educational and General Income

- ▶ Used to calculate the estimated appropriations for Other E&G Income
- ▶ Do not include designated tuition 
- ▶ Report all tuition waived, rebated, etc. (items which you do not receive formula funding)
- ▶ Reconcile remissions & exemptions to IFRS 



Gross Tuition- Resident

Actual statutory tuition assessed to Texas resident graduate & undergraduate students (TX. Educ. Code Ann. Sec. (TECA) 54.051X)

- Tuition should be @ gross (do not reduce by waivers or exemptions)
- DO NOT include Board Designated Tuition

Actual Board Authorized Tuition charged to resident graduate students (TECA 54.008)

- Board Authorized Tuition (BAT) assessed to resident graduate students, *net of any waivers of BAT (only)*.

Tuition increases charged to resident doctoral students with hours in excess of 100 (TECA 54.012)

Tuition increases charged to resident undergraduate students with excessive hours above degree requirements (TECA 61.0595)

Tuition increases charged to resident undergraduate students for repeated hours (TECA 54.014)

- a.k.a. "3-Peat"



Gross Non-Resident Tuition

Actual statutory tuition assessed to non-resident graduate & undergraduate students

- NOTE: tuition should be at gross (do not reduce by waivers or exemptions)
- DO NOT include Board Designated Tuition

Actual Board Authorized Tuition charged to non-resident graduate students (TECA 54.008)

- Board Authorized Tuition (BAT) assessed to non-resident graduate students, *net of any waivers of BAT (only)*

Tuition increases charged to non-resident doctoral students with hours in excess of 100 (TECA 54.012)

Tuition increases charged to non-resident undergraduate students with excessive hours above degree requirements (TECA 61.0595)

Tuition increases charged to non-resident undergraduate students for repeated hours (TECA 54.014)



Tuition

Less: Remissions & Exemptions

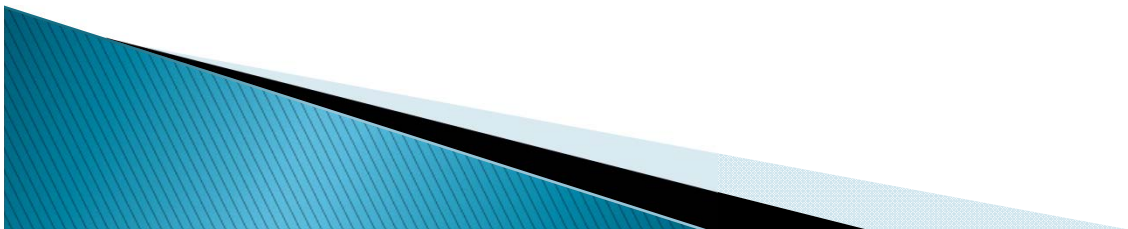
- Waivers and exemptions of statutory tuition as reported in IFRS. EXCLUDE Waivers/Exemptions for the following (which will be shown elsewhere in this schedule): (1)Waivers & exemptions of Board Authorized Tuition (BAT) and (2)Waivers of tuition for students 55 years and older
 - Remissions = Waivers

Less: Refunds


- Leave blank

Less: Installment Payment Forfeits

- Leave blank




Tuition

 Less: Board Authorized Tuition (BAT) increases


- Actual tuition assessed to graduate students under TECA 54.008, net of any exemptions and waivers
 - The purpose of netting this line item by its associated waivers is to insure that the actual BAT is reported

 Less: Tuition Increases charged to doctoral students with hours in excess of 100

- Actual tuition assessed under authority provided by TECA 54.012

 Less: Tuition increases charged to undergraduate students with excessive hours above degree requirements

- Actual tuition assessed to undergraduate students under authority provided by TECA 64.0595

 Less: Tuition waived for students 55 years or older

- Waived by authority of TECA 54.013



Tuition



Less: Tuition for repeated or excessive hours

- Charged by authority of TECA 54.014



Plus: Tuition Waived for Texas Grant recipients

- Waived by authority of TECA 54.307



Less: Transfer of tuition for retirement of indebtedness

- Skiles Act
 - Do not report anything here, leave blank



Less: Transfer of funds for Texas Public Education Grants (TPEG) & Emergency Loans

- Statutory tuition transferred by authority of TECA 56c and TECA 56d



Less: Transfer of funds (2%) for Emergency Loans (Medical Schools)

- Use this lines to record emergency loans
 - Do not report anything here-leave blank



Less: Transfer of Funds for Repayment of Student Loans of Physicians (TECA 61.539)

- Do not use this line, Use the Line above and only report historical years
 - Do not report anything here, leave blank



Tuition



Less: Statutory tuition set aside for Doctoral Incentive Loan Program

- Statutory tuition transferred by authority of TECA 56.095
 - Report historical years only. 56.095 repealed effective 9/1/2015



Less: Other authorized deduction

- LBB must approve any deductions
 - e.g.: UNT transferred tuition to “start up” university (UNT-D)



Plus: Other authorized additions

- LBB must approve any additions
 - e.g.: UNT-D received transfer from UNT



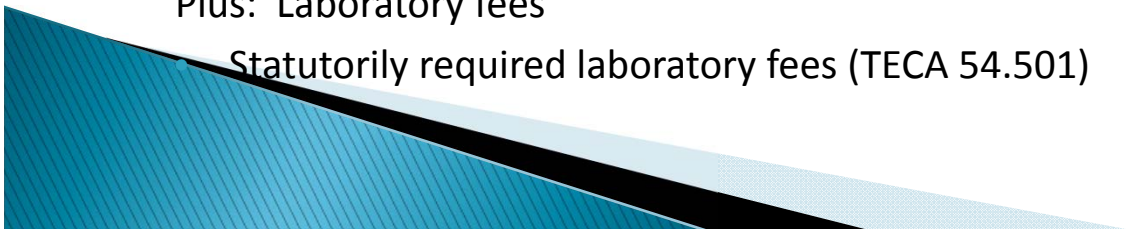
Plus: Special course fees

- Statutorily required course fees (TECA 54.504)



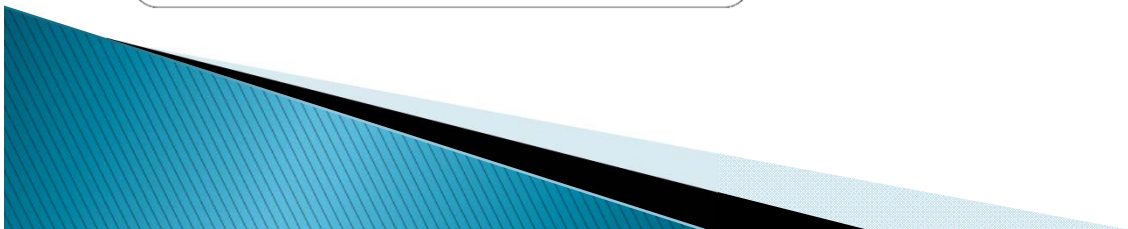
Plus: Laboratory fees

Statutorily required laboratory fees (TECA 54.501)



Other Income

Interest on General Revenue (GR) in state treasury	<ul style="list-style-type: none">• Report total annual distributions by state comptroller
Interest on local funds in local depositories	<ul style="list-style-type: none">• Report total annual interest earnings on state funds held in local depositories
Less: O.A.S.I. applicable to educational and general local funds payrolls	<ul style="list-style-type: none">• Actual university proportional share of O.A.S.I. –state paid employees only
Less: TRS and ORP proportionality for educational and general funds	<ul style="list-style-type: none">• Actual university proportional share of TRS and ORP – state paid employees only
Less: Staff Group Insurance Premiums	<ul style="list-style-type: none">• Actual university share of proportional faculty and staff group insurance premiums- state paid employees only
<u>Equals: Total Educational & General Income</u> <u>(formula amounts)</u>	



Reconciliation

Adds back selected items deducted above in order to provide control total for “Total GR-D” used as method of finance (MOF) in the LAR

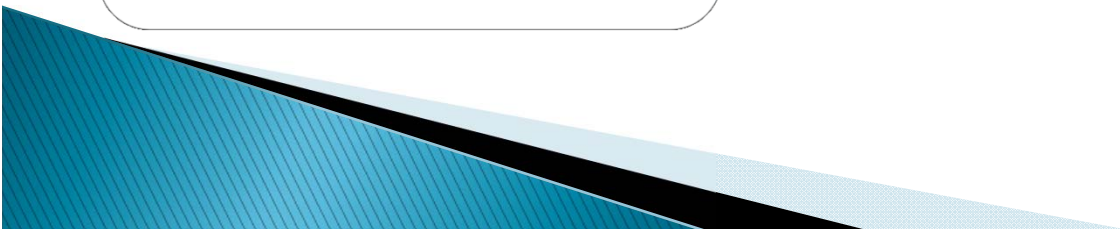
- TPEG and Staff Group Insurance will be used as MOF for the individual strategy requests for each of these 2 non-formula items

Adds in Organized Activities revenues not included above

- Used as MOF for the organized activity strategies (only)

**Equals: Total Educational & General
Income (on Summary of Request)**

← **Base Reconciliation link**



Schedule 1A (continued)

- ▶ Make sure the following items are equal to the individual strategies:
 - TPEG
 - Organized Activities
 - Staff group insurance premiums paid from Other E&G funds
 - Medical Loans (HRI's only)

- ▶ Make sure the following items are equal to the amounts shown on Schedules 4 and 5
 - ORP (exclude differential)
 - OASI for Other E&G Funds



Schedule 1A (continued)

- ▶ For FY2013 and FY2014, the bottom line will not necessarily tie to the total MOF in your strategies
 - The MOF in your strategies for FY2013 should equal what you actually spent as entered in USAS.
 - If you didn't spend all you collected in FY2013, you could spend all of your FY2014 revenues plus unexpended balance from FY2013.

- ▶ For FY 2015 it should be equal.
 - Assuming you spend all you collect



Schedule 4:

Computation of OASI

- ▶ Provides information for actual and estimated OASI for fiscal years 2013 through 2017
- ▶ This information is used to calculate the amount to be deducted from the Other E&G Estimates in Schedule 1
- ▶ This form requires two calculations:
 - (1) Total OASI from APS 011
 - (2) Allocation of total OASI between GR and GRD

Resources:
APS011

Schedule 5: Calculation of Retirement Proportionality and ORP Differential

- ▶ Provides detail for actual and estimated proportionality and Optional Retirement Program differential for fiscal years 2013 through 2017
 - Year 1 actual TRS and ORP comes from APS 011
 - Back in to Gross Payroll based upon TRS and ORP percentages
 - ORP Differential as recorded in accounting for year 1
 - Back in to Gross Payroll based upon Differential percentage
- ▶ ORP Differential is the institution's share of retirement benefits between (6.6 percent in FY 2014) or (6.0% in FY 2013) and 7.31 percent of salary amounts paid to the ORP for eligible employees hired prior to September 1, 1995.

Resources:
APS011
TRS and ORP
percentages by year

Base Reconciliation

- ▶ Identifies the sources from which funds have been appropriated, expended, budgeted, and requested
- ▶ Is a reconciliation of original appropriations to expended
- ▶ Becomes the basis for GR and GR-D funding limit to prepare baseline request for 2016-2017
 - Very important to calculate accurately
- ▶ Will be prepared three separate times



Base Reconciliation

▶ General Revenue

- Enter the regular appropriation amounts from the GAA for years 1-3
- Enter any supplemental or special appropriations (e.g. Hazlewood)

▶ GR Dedicated Funds:

- Start with Regular Appropriations for years 1-3 (from appr. bill)
- “Revised Receipts” – use to adjust to actual **revenue** collections above or below the MOF in appr. Bill (hint: regular appropriations plus revised receipts should equal schedule 1A revenue)
- “Adjustment to Expended” – adjust to actual amount **expended** for FY 2013 and estimated for FY 2014

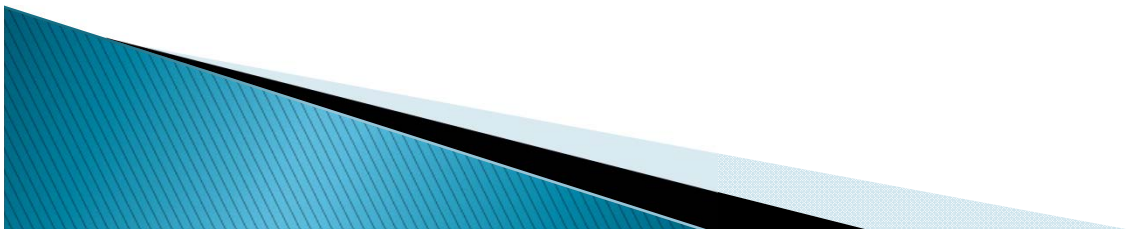
- Schedule 1A = Income  Base Recon = Expenditures



Base Reconciliation

Other tips:

- ▶ Years 4 and 5 baselines are non-formula such as:
 - WCI
 - TRB
 - Special Items
 - GIP
 - TPEG
 - Organized Activities
- ▶ Board authorized tuition should tie to Schedule 1A
- ▶ MOF totals should tie to your Strategy (3A) amounts by MOF



FTE's on the Base Recon

- ▶ Start with authorized FTE limit
- ▶ List the number of FTE's above or below the cap for FY 2013
- ▶ Total adjusted FTE's for 2013 should equal the average of the 4 quarters reported to the SAO (use “unauthorized above/below” to adjust from appropriated)
- ▶ 2014 should represent estimated
- ▶ Must tie to the total for each fiscal year in Summary of Base Request by MOF and to appropriated FTE's in Schedule 7

Base Reconciliation

Schedules that impact Base Reconciliation

- ▶ Schedule 1A Other E&G Income
- ▶ Schedule 7 Personnel
- ▶ Schedule 3A Strategy Request
- ▶ LAR Checklist review

Non-LAR schedules that impact Base Reconciliation

- ▶ ABEST/USAS Reconciliation
- ▶ FTE's reported to SAO



BREAK



3A. Strategies

- ▶ The Strategy request is the basic building block of the budget request. It sets out the baseline funding requested by the agency.
- ▶ Required for each item in your Appropriation Bill pattern
- ▶ Includes 5 years:
 - Year 1 is actuals (and should tie to ABEST)
 - Year 2 is estimated actual expenditures
 - Year 3 is budgeted expenditures
 - Year 4 and 5 are future estimates
- ▶ For formula strategies (Ops support, teaching experience and E&G space support), year 4 and 5 should be \$0. We do not request formula funding in the LAR.



3A. Strategies

► Components:

- Header
- Performance Measures
 - Actual performance for FY 13, estimated for FY 14 & 15, requested for FY 16 & 17
 - “Key” measures are those cited in the GAA
 - “non-Key” are not in the GAA, but are a part of the strategic planning and budget structure
- Objects of Expense
 - Enter strategy costs by the objects of expense (list with definitions are on the LBB website)
- Method of Finance
 - Funding Sources for expenses – Fund 001, 704, 770, etc...
 - Show the amount expended by MOF, total should tie to total Objects of Expense above. The sum of all strategies should tie to the Base Reconciliation for years 1-3 and to the GR target provided by the LBB for years 4-5.



3A. Strategies

- ▶ Components (Cont'd):
 - FTE's
 - Total number of full-time equivalents for each strategy
 - Description/Justification & External/Internal Factors
 - LBB instructions provide a list of items to be included
 - See Consistency Standards for statewide descriptions
 - Special Items – descriptive narrative of special item that articulates institutional priority and connection to State goals and objectives.
 - External/Internal Factors Impacting Strategy
 - See Consistency Standards



3A. Strategies MOF (General Academics)

Strategy	Method of Finance	Description	FY 13	FY 14	FY 15	FY 16 & 17
Operations Support	GR (1) and E&G (704, 770)	Determined via Formula	Actual	Estimate	Budget	Zero
Teaching Experience Supplement	GR (1) and E&G (770)	Determined via Formula	Actual	Estimate	Budget	Zero
Staff Group Insurance Premiums	E&G (770)	Sum-certain amount based on estimated employment as of December 1st	Actual	Estimate	Budget	Estimate
Workers' Compensation Insurance	GR (1)	Sum-certain amount, for UT and A&M institutions only	Actual	Estimate	Budget	Estimate
Texas Public Education Grants	E&G (770)	15% of resident tuition and 3% of non-resident tuition at each institution is set aside for these scholarships.	Actual	Estimate	Budget	Estimate
Hold Harmless	GR (1)	Determined based on legislative decision.	Actual	Estimate	Budget	Estimate
Organized Activities	E&G (770)	Generally E&G income, not used as a formula MOF, at institutions that operate income-producing enterprises as part of an educational program	Actual	Estimate	Budget	Estimate
E&G Space Support	GR (1) and E&G (770)	Determined via Formula	Actual	Estimate	Budget	Zero
Tuition Revenue Bond Retirement	GR (1)	Allocated for debt service payments.	Actual	Estimate	Budget	Estimate
Special Items (various)	GR (1)	Primarily all special items are funded 100% with GR.	Actual	Estimate	Budget	Estimate
Research Development and Competitive Knowledge Funds	GR (1)	Determined via Formula	Actual	Estimate	Budget	Zero

E&G is also called General Revenue Dedicated (GRD) and Estimated Other E&G

Schedule 6.I

10 Percent Biennial Base Reduction

Options Schedule

- ▶ Details the 10 percent General Revenue-related reduction options, in 5 percent increments, required by the Policy letter issued by the Governor's Office of Budget, Planning and Policy (GOBPPO) and the Legislative Budget Board (LBB).



Policy Letter



Legislative Budget Board
Robert E. Johnson Bldg.
1501 N. Congress Avenue, 5th Floor
Austin, TX 78701
(512) 463-1200

Governor's Office of
Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701
(512) 463-1778

MEMORANDUM

June 4, 2012

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors, Presidents, and Directors of Institutions and Agencies of Higher Education

Detailed instructions for the submission of legislative appropriations requests for the 2014–15 biennium have been posted on the external websites of the Legislative Budget Board and the Governor's Office. A staggered schedule of submission dates is included as an appendix to the instructions.

As a starting point for budget deliberations, an agency's baseline request for General Revenue Funds and General Revenue-Dedicated Funds may not exceed the sum of amounts expended in fiscal year 2012 and budgeted in fiscal year 2013. Establishment of agency budget baselines through the legislative appropriations request process does not preclude the possibility that state agencies may be asked to reduce their fiscal year 2013 budgets should state fiscal conditions warrant it. Agencies must also submit a supplemental schedule detailing how they would reduce the baseline request by an additional 10 percent (in 5 percent increments) in General Revenue Funds and General Revenue Dedicated Funds.

Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for the Foundation School Program;
- satisfy debt service requirements for bond authorizations;
- maintain benefits and eligibility in Medicaid entitlement programs, the Children's Health Insurance Program, the foster care program, the adoption subsidies program, and the permanency care assistance program; and
- satisfy employer contribution requirements for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education for group health insurance), though group benefit modifications may be considered.

Funding requests for other purposes that exceed the baseline spending level may not be included in the baseline request but may be submitted as Exceptional Items.

We appreciate the opportunity to work with you and your staff during this budget cycle.

Sincerely,

A handwritten signature in black ink, appearing to read "Ursula Parks".

Ursula Parks
Acting Director
Legislative Budget Board

A handwritten signature in black ink, appearing to read "Jonathan Hurst".

Jonathan Hurst
Director
Governor's Office of Budget, Planning and Policy

Sample of Non-Formula GR Items

Workers' Compensation	GR	Local portion
Unemployment Compensation	GR	Local portion



Non-Formula: Special Items

Special items are activities that are not funded by formula or direct payment but are specifically designated by the Legislature for state support. They include:

- ▶ public service items;
- ▶ research items, other than general research support;
- ▶ student nurse stipends;
- ▶ funding for separate campuses;
- ▶ accreditation program items; and
- ▶ specific one-time capital expenses.

Proposed special items are called ***exceptional items***.



Non-formula GR Items Excluded from 10% Calculation

- ▶ Tuition Revenue Bond Debt Service;
- ▶ Revenue Contingent Appropriations;
- ▶ Research Development Fund;
- ▶ Texas Competitive Knowledge Fund;
- ▶ Appropriation Adjustments/Corrections; and
- ▶ Other Statutory exemptions.



How to calculate the 10 Percent Biennial Reduction Amount

100% Request 2014-15 Approps	10% Reduction
---------------------------------	---------------

Non-Formula Items in the 2012-13 Appropriations Bill subject to 10% reduction:

Special Items:

Industrial Engineering Program	362,839	36,284
Educational Outreach	984,714	98,471

Institutional Enhancement/Base Funding

Enhancement Funding	3,707,104	370,710
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Other Items:

Unemployment Compensation Insurance	42,420	4,242
Workers' Compensation Insurance	170,360	17,036

5,267,437	526,744
-----------	---------

10% Reduction	\$526,744
---------------	-----------

Entering the Data

- ▶ Target amount will be communicated and entered into ABEST
- ▶ Submit in 5 percent increments
- ▶ Non-specific across-the-board reductions are discouraged
- ▶ Submit reductions in priority order
 - Priority 1 should have least impact on agency
- ▶ Use the comments field
- ▶ Identify the Category field from the pre-defined drop-down menu
- ▶ Include FTE's associated with reductions



		Reduction Amount		
		2014	2015	Biennial Total
1 Special Items - 1st 5%				
Category: Program - Service Reduction (Other)				
Item Comment -		The following special items are critical to the mission of the University, but would reduce each by 10%.		
Strategy				
3-2-4	Industrial Engineering Program	18,142	18,142	36,284
3-3-2	Educational Outreach	49,236	49,236	98,471
	TOTAL	67,378	67,378	134,755
General Revenue Funds		67,378	67,378	134,755
	TOTAL	67,378	67,378	134,755
FTE Reductions (From FY2014 and FY2015 Base Request)		1.0	1.0	2.0

2 Institutional Enhancement - 1st 5%

Category: Program - Service Reduction (Other)

Item Comment - State baseline funding in Institutional Enhancement is critical to the academic needs of the University. These funds are used to fund scholarships; faculty recruitment and counter-offers, including start-up and retention packages; and other core funding for instruction and research.

Strategy				
3-4-1	Institutional Enhancement	64,308	64,308	128,617
	TOTAL	64,308	64,308	128,617
General Revenue Funds		64,308	64,308	128,617
	TOTAL	64,308	64,308	128,617
FTE Reductions (From FY2014 and FY2015 Base Request)		0.0	0.0	0.0

3 Institutional Enhancement - 2nd 5%

Category: Program - Service Reduction (Other)

Item Comment - State baseline funding in Institutional Enhancement is critical to the academic needs of the University. These funds are used to fund scholarships; faculty recruitment and counter-offers, including start-up and retention packages; and other core funding for instruction and research.

Strategy

3-4-1	Institutional Enhancement	131,686	131,686	263,372
	TOTAL	131,686	131,686	263,372

General Revenue Funds	131,686	131,686	263,372
TOTAL	131,686	131,686	263,372

FTE Reductions (From FY2012 and FY2013 Base Request)	0.0	0.0	0.0
--	-----	-----	-----

AGENCY TOTALS			
General Revenue Total	263,372	263,372	526,744

TOTAL Reduction Target		10%	526,744
		1st 5%	263,372
		2nd 5%	263,372
	Options Less Target		0

FTE Reductions (From FY2014 and FY2015 Base Request)	1.0	1.0	2.0
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Non-Formula:

Higher Education Employees Group Insurance

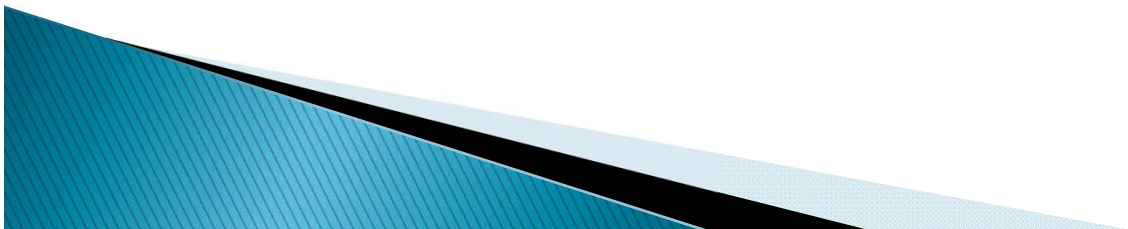
- ▶ Higher Education Employee Group Insurance is a separate, sum certain General Revenue (GR) appropriation to fund health insurance benefits for employees funded by GR. Higher Education Employees Group Insurance Contributions bill pattern includes a line item for each institution.
- ▶ Funds the total cost of basic life and health coverage for all active and retired employees and 50% of the total cost of health coverage for spouses and dependent children.
- ▶ ERS provides the coverage for all institutions except the University of Texas and Texas A&M Systems, which provide their own coverage.
- ▶ The Staff Group Insurance strategy appropriates funds for the proportional cost of Staff Group Insurance



Schedule 3A, 3B:

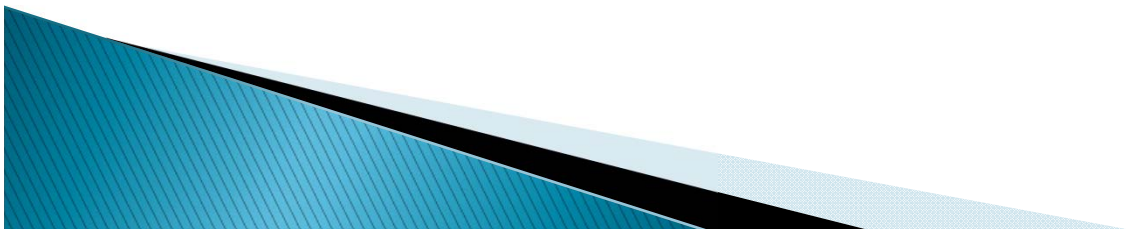
Group Insurance Data Elements

- ▶ Two basic fund categories from which higher education employees are paid:
 1. Educational & General
 2. Non-Educational and General (Local)
 - Enter the total employees in these categories and work backwards to allocate based upon proportionality
 - Estimate expected payroll as of December 1, 2014 – this schedule WILL be updated with actual numbers (usually in January)
 - 3B Should include retired employees and student workers
 - 3A for ERS institutions does NOT include retired employees
- ▶ Allocate based on APS 011 (proportionality) – important because employee benefits must be paid from the same revenue source as salaries.
- ▶ Can estimate dollar amount from this information based on current State GIP rates
- ▶ Sum certain amount will show up in Appropriations Bill (after State rates are set)



Performance Measures

- ▶ The LBB has defined a set performance measures for General Academic Institutions and a separate set for Health Related Institutions.
- ▶ Institutional specific performance measures have been developed for some institutions.
- ▶ Each measure is categorized as either a key or non-key measure. The Legislature sets targets for key measures through the GAA.



Performance Measures

- ▶ Historical and projected values (FY 2013 – FY 2017) for each measure (key and non-key) are included in the LAR (Schedules 2D, 2G and 3A)
- ▶ The LAR data is usually the basis for establishing the targets for key measures
- ▶ The LBB has the authority to set the targets at a different level than those included in the LAR
- ▶ Targets for key measures are included in the GAA Bill Pattern for each institution



Performance Measures

- ▶ Actual performance is reported to the LBB through ABEST by October 31st of each year by Institutional Research
- ▶ An explanation is required for variances $\pm 5\%$ from the targets for key measures
- ▶ Things to think about when preparing the LAR
 - Institutional Research department is the best source for performance measure information
 - LAR Performance measure data will be used to set the target for key measures
 - Performance measures are usually a topic of discussion at the LBB/GOBPP staff hearings



3B – Rider Revisions & Additions Request

- ▶ Word Document, not an ABEST schedule
- ▶ Request new riders, deletion or changes to existing riders
- ▶ May be used for changes to institution specific riders or Article III and Article IX riders



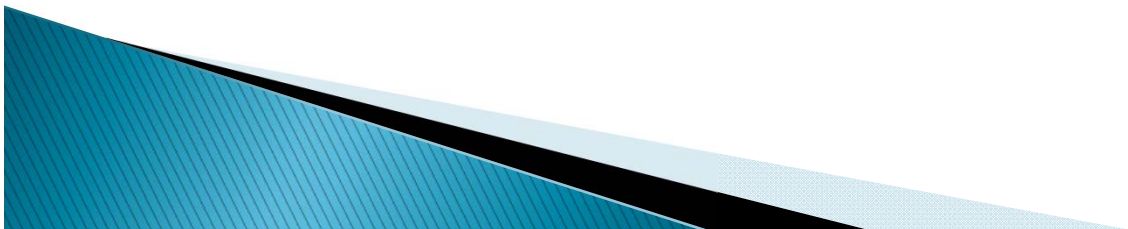
3B – Rider Revisions & Additions Request

- ▶ Higher Ed system offices coordinate a group of Article III and Article IX rider changes to be submitted for all institutions. Some systems include this in the system LAR and not the component LARs. Other systems include it in both the system and component LARs.
- ▶ Check with your system office on the policy for Article III and Article IX rider changes



6J – Budgetary Impacts Related to Federal Health Care Reform

- ▶ Informational schedule that reports revenue and expenditures of federal health care reform funding
- ▶ Federal Health Care Reform legislation includes:
 - H.R 3590, the Patient Protection and Affordable Care Act of 2010
 - H.R. 4872, the Health Care and Education Reconciliation Act of 2010
- ▶ Identify this federal funding by evaluating CFDA numbers that were authorized by the Federal Health Care Reform legislation.
- ▶ Identifying the correct CFDA numbers is not a clear cut process. Do the best you can.



Homeland Security Reporting Schedule

Applies to institutions who expend funds and receive federal dollars for homeland security expenditures

- ▶ Identify which federal awards to include in the schedules
 - review CFDA number, Key words, sponsor name and abstract
- ▶ For each reported award, prior year expenditures are reported from the GL. To estimate current year expenditures, current year actual expenditures at the time of reporting are added to projected expenditures based on the award budget. Future years are estimated based on the proposed budgets.
- ▶ Expenditures are assigned to report's Objects of expense based on GL account codes or budget category
- ▶ Method of Financing is determined by the CFDA number of the award
- ▶ FTE information for prior year expenditures is pulled from Effort Reporting System. Current and future year FTE is estimated based on the proposed budget.
- ▶ Subcontract expenditure/budget information is used to report Funds Passed through to Other State Agencies or Institutes of Higher Education



HUB Reporting Schedule

Shows to what extent the Institution has made “good faith” efforts to comply with HUB rules:

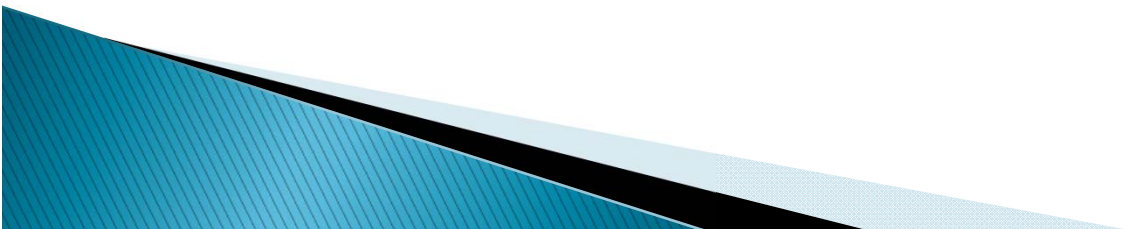
- ▶ Part (a.) shows \$ expenditures and % of HUB activity for the previous 2 fiscal years and is broken down by 6 categories of spend
 - Data is from the Comptroller of Public Accounts reporting (comparing HUB goals to actual attainment)
- ▶ Part (b.) allows for each agency/institution of higher education to provide a narrative of their respective efforts in meeting their HUB Procurement Goals
 - The information is used as a scorecard for each agency as to how well they are meeting their HUB goals in each procurement category and what factors affect the outcomes



Schedule 2

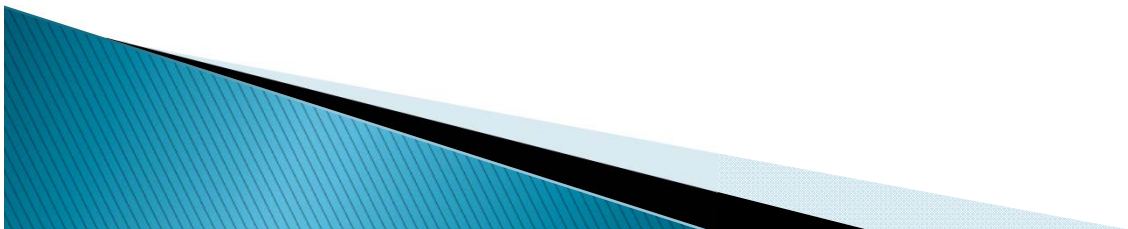
Grand Total, Educational, General and Other Funds

- ▶ Summarizes education, general and other funds, and includes funding sources not reflected in Schedule 1A or 1B or the Summary of Request
- ▶ In other words, they want everything else reported on your AFR in E&G funds that you haven't already reported
- ▶ For FY 2013, FY 2014, and FY 2015



Schedule 2: What does it include?

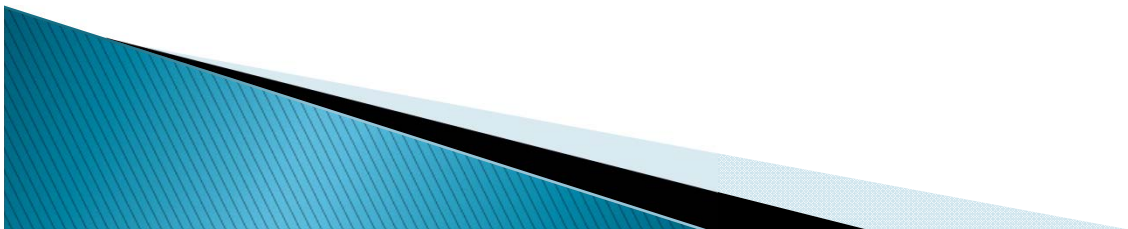
- ▶ Include transfers from the THECB
 - ARP, Texas College Work Study, Professional Nursing Shortage Reduction Program, Fifth Year Accounting Scholarship, Texas Grants, B-on-Time Program, Incentive Funding, ARRA funding, etc.
- ▶ Include transfers for GIP (UT and TAMU)
- ▶ Include transfers for AUF (TAMUS, PVAMU, TAMU, UT and UT System)
- ▶ HEF funds used for E&G equipment (not for capital projects)



Schedule 2: For Informational Purposes Only

- ▶ Include Gross Designated Tuition
- ▶ Include Indirect Cost Recovery

Sample schedule shows you need to estimate these items for all years through 2015.



Schedule 6: Capital Funding

- ▶ Provides information on Permanent University Fund (PUF) and Higher Education Fund (HEF) Bond proceeds and debt service, as well as information on Tuition Revenue Bonds (TRB)
- ▶ Debt Service amounts should tie to your Strategy Request



Schedule 9 - Special Items Information

- ▶ Provides additional information on special items funded through the GAA
- ▶ Only include existing special items, not requested exceptional items
- ▶ Coordinate with the director of your special item for the best and most up to date information



Schedules 10A and 10B

Reconciliation of Strategies to NACUBO Functions

Provides detail on how expenditures in formula strategies were spent on NACUBO functions of cost

Reports only for Operations Support, Teaching Experience and E&G Space Support (Teaching experience will show zero)

- ▶ Do 10B (by Object of Expense) first
- ▶ Summary of request amounts should tie to Base Recon (2A) and Strategy Request (3A)



Schedule 7: Personnel

Schedule 7: Personnel

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **751**

Agency name: **Texas A&M University - Commerce**

Actual
2011

Actual
2012

Part A. FTE Postions

Directly Appropriated Funds (Bill Pattern)

Educational and General Funds Faculty Employees

273.7

301.7

Educational and General Funds Non-Faculty Employees

501.8

500.0

Subtotal, Directly Appropriated Funds

775.5

801.7



Non Appropriated Funds Employees

388.5

428.7

Subtotal, Other Funds
Subtotal, Non-Appropriated

388.5

428.7

GRAND TOTAL

1,164.0

1,230.4



Schedule 7: Personnel Bill Pattern

TEXAS A&M UNIVERSITY - COMMERCE

	For the Years Ending	
	August 31, 2014	August 31, 2015
Method of Financing:		
General Revenue Fund	\$ 35,569,422	\$ 35,673,644
<u>General Revenue Fund - Dedicated</u>		
Estimated Board Authorized Tuition Increases Account No. 704	3,243,036	3,243,036
Estimated Other Educational and General Income Account No. 770	13,832,355	13,931,678
Subtotal, General Revenue Fund - Dedicated	<u>\$ 17,075,391</u>	<u>\$ 17,174,714</u>
Total, Method of Financing	<u>\$ 52,644,813</u>	<u>\$ 52,848,358</u>
Items of Appropriation:		
1. Educational and General State Support	\$ 52,644,813	\$ 52,848,358
Grand Total, TEXAS A&M UNIVERSITY - COMMERCE	<u>\$ 52,644,813</u>	<u>\$ 52,848,358</u>

This bill pattern represents an estimated 33.8% of this agency's estimated total available funds for the biennium.

Number of Full-Time-Equivalents (FTE)-
Appropriated Funds



801.7

801.7

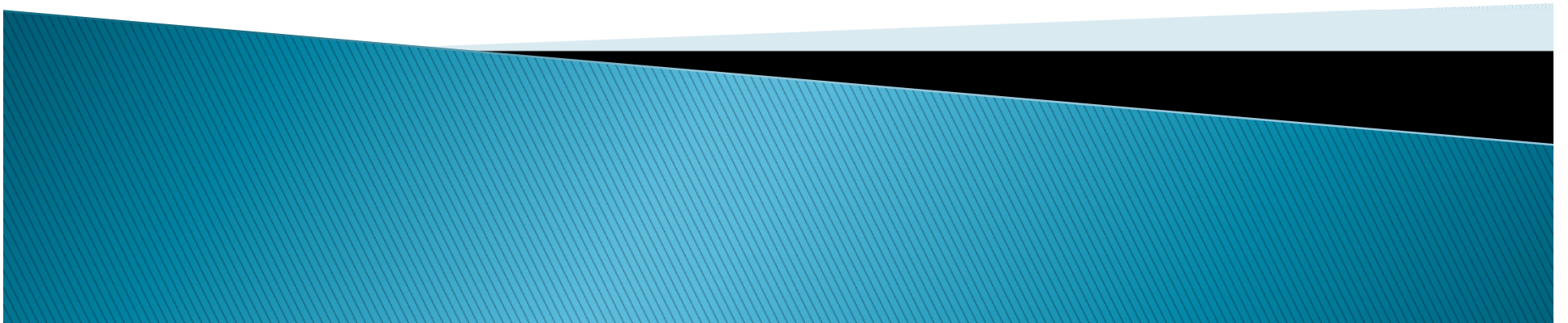


Schedule 7: Personnel

- ▶ **IMPORTANT:** The FTE cap will be determined based on the Estimated Year (Second Year), Subtotal, Directly Appropriated Funds
- ▶ Provides detail on full-time equivalent (FTE) and headcount positions paid from appropriated funds and other funds
- ▶ Source documents:
 - State Auditor's Office (SAO) quarterly FTE reports (Avg. 4 Qtrs.) for Year 1. Also used for Base Recon and Summary of Request FTEs. All should tie for Appropriated Funds.
 - OOE totals in LAR for Salaries by Faculty and Non-Faculty
 - Internally generated Headcount Report



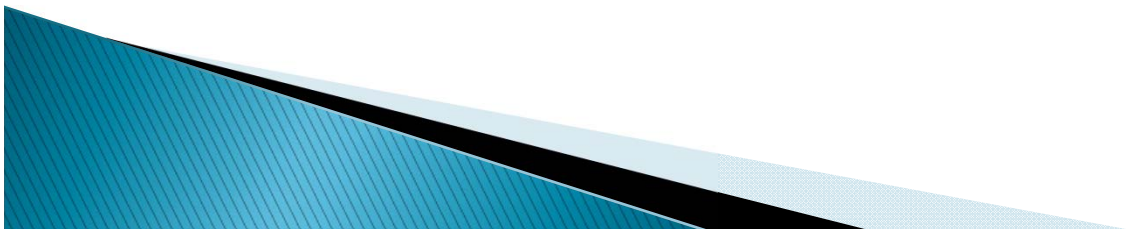
Consistency in Reporting



Legislative Appropriations Request Higher Education Consistency Standards

The following consistency standards were agreed upon by the TASSCUBO Budget Committee on May 25, 2012.

The intent of these standards is to simplify the LAR process.



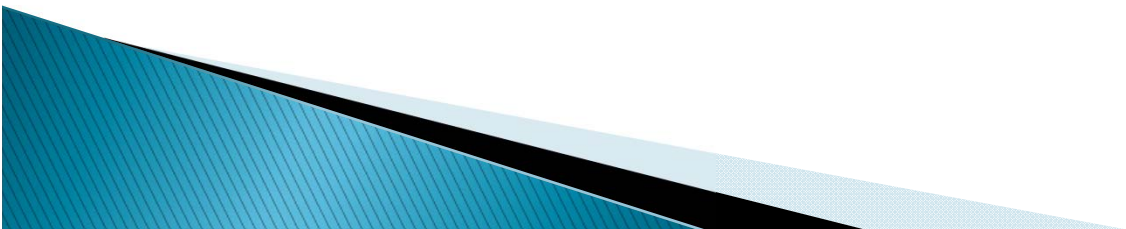
Administrator's Statement

- ▶ Based on the LAR instructions, Board member information is only required by systems and independent institutions.
- ▶ Systems and independent institutions should include a statement similar to the following in the Administrator's statement.
 - *The Texas Tech University System is governed by a Board of Regents. The current members of the Board of Regents are included in the Organizational Chart.*
- ▶ Eliminate the Board of Regents from the Administrator's statement and include in the Organizational Chart.

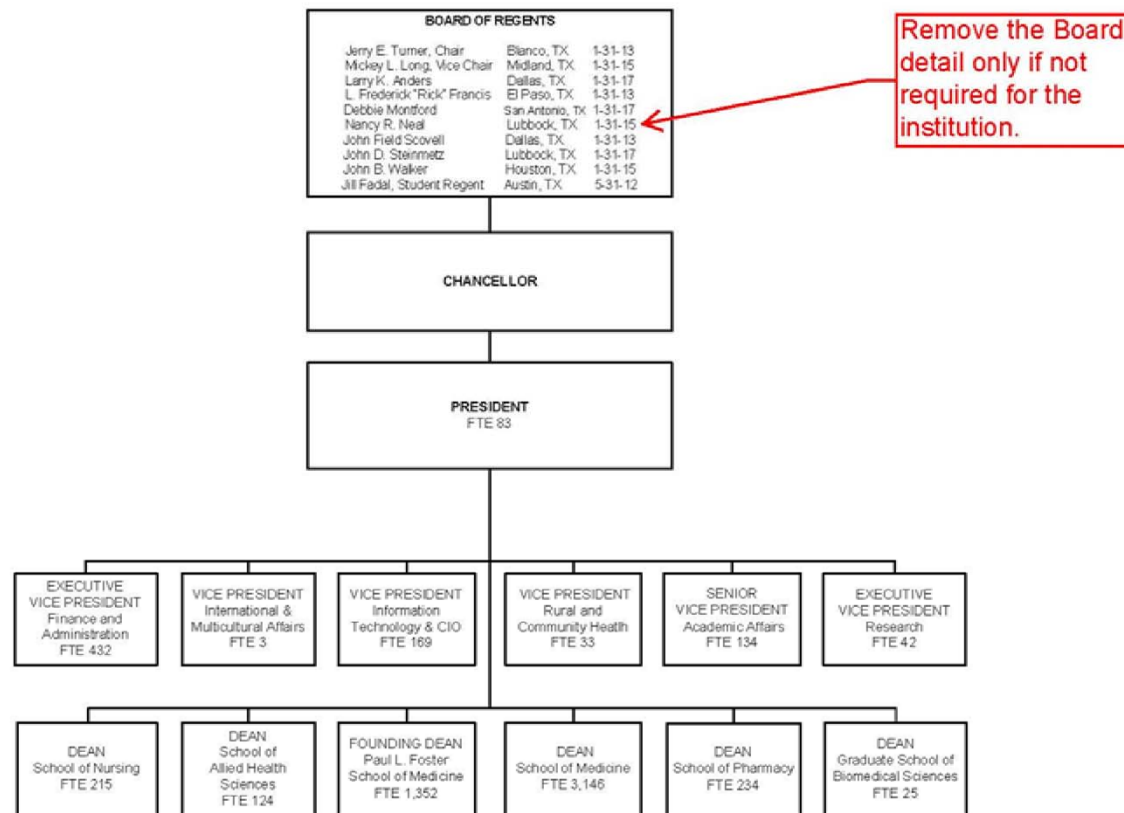


Organizational Chart

- ▶ All institutions would include the chain of command from the Board of Regents to the Vice President level of the institution (i.e., Board of Regents, Chancellor, President, Vice President/Provost). For some Health Related Institutions, Deans would be included if they report directly to the President and not to a Provost.
- ▶ Positions below a Vice President Level should be excluded.
- ▶ Detailed Board of Regent information would be provided if required by the institution.
- ▶ An example of the proposed Organizational Chart changes is attached.



Organizational Chart-1



Schedule 3A Strategy Request- Formula and Other Common Strategies

- ▶ The following verbiage should be included in the strategy description and justification section for formula funded and other common strategies. Verbiage should not be included in the Internal/External factors section.



General Academic Institutions-1

Instruction and Operation Formula

- The Instruction and Operations Formula provides funding for faculty salaries, departmental operating expense, library, instructional administration, research enhancement, student services and institutional support.
- The funds are distributed on a weighted semester credit hour basis. The rate per weighted semester credit hour is established by the Legislature each biennium.

Teaching Experience Supplement

- The Teaching Experience Supplement formula provides an additional weight of 10 percent to lower and upper division semester credit hours taught by tenured and tenure-track faculty.
- The Infrastructure Support formula distributes funding associated with plant-related formulas and utilities. This formula is driven by the predicted square feet for universities' educational and general activities produced by the Coordinating Board Space Projection Model.

Infrastructure Support

- The portion of the formula related to utilities is adjusted to reflect differences in unit costs for purchased utilities, including electricity, natural gas, water and wastewater, and thermal energy.



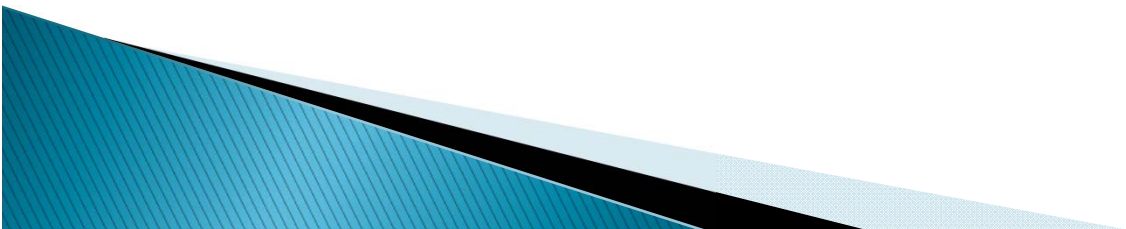
General Academic Institutions-2

Research Development Fund

- The Research Development Fund is distributed among eligible institutions based on the average amount of restricted research funds expended by each institution per year for the three preceding fiscal years.
- The purpose of these funds is to promote research capacity.

Competitive Knowledge Fund

- The purpose of the Texas Competitive Knowledge fund is to support faculty for the purpose of instructional excellence and research.



Health Related Institutions -1

Instruction and Operation Formula

- The Instruction and Operations Formula provides funding for faculty salaries, departmental operating expense, library, instructional administration, student services and institutional support. (Insert one of the following sentences here based on the strategy.)
 - *The formula for this strategy is based on weighted medical student headcounts.*
 - *The formula for this strategy is based on weighted dental student headcounts.*
 - *The formula for this strategy is based on weighted biomedical student full time equivalent.*
 - *The formula for this strategy is based on weighted nursing student full time equivalent.*
 - *The formula for this strategy is based on weighted pharmacy student full time equivalent.*
 - *The formula for this strategy is based on weighted public health student full time equivalent.*
 - *The formula for this strategy is based on weighted allied health student full time equivalent.*
- The rate per weighted student headcount or full time equivalent is established by the Legislature each biennium.



Health Related Institutions -2


Infrastructure Support

- The Infrastructure Support formula distributes funding associated with plant support and utilities. This formula is driven by the predicted square feet for health related institutions produced by the Coordinating Board Space Projection Model.
- Because the Space Projection Model does not account for hospital space, separate infrastructure funding for hospital space at The University of Texas Medical Branch at Galveston, the University of Texas M.D. Anderson Cancer Center, and The University of Texas Health Science Center at Tyler shall be included in the total funding for hospital and patient care activities. (This paragraph would only be included for these three institutions).

Research Enhancement

- The Research Enhancement formula allocates \$1,412,500 to each institution in addition to 1 percent of the research expenditures as reported to the Texas Higher Education Coordinating Board. These funds are used to support the research activities of the institution.

Graduate Medical Education

- The Graduate Medical Education formula allocates funding based on the number of medical residents. These funds shall be used to increase the number of resident slots in the State of Texas as well as faculty costs related to GME.
- 

Health Related Institutions -3

Medical Loans

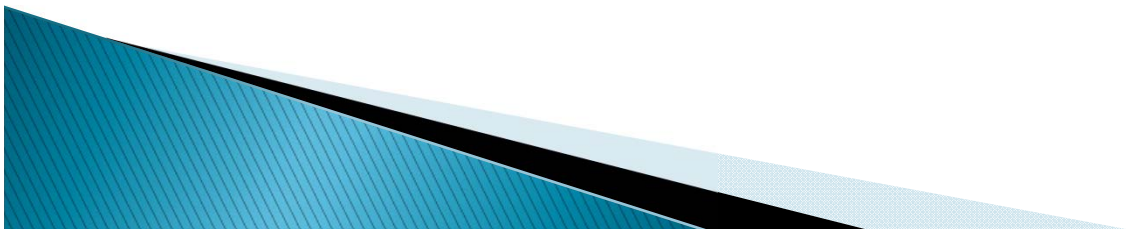
- Section 61.539 of the Texas Education Code requires the 2% of the resident medical school tuition be transferred for repayment of student loans of physicians serving in designated state agencies or economically distressed or rural medically underserved areas of the State.

Permanent Health Fund for Higher Education

- This strategy includes the institution's allocation of the Permanent Health Fund for Higher Education. The purpose of these funds includes medical research, health education or treatment programs.

Other Permanent Health Funds (Education Code, Section 63.101)

- Funding for this strategy is derived from annual distributions of Permanent Health Funds established Section 63.101 of the Texas Education Code. These are appropriated for research and other programs that are conducted by the institution and that benefit the public health.



All Institutions

Staff Group Insurance

- This strategy is to provide proportional share of staff group insurance premiums paid from Other Educational and General funds.

Worker's Compensation

- The strategy funds the Worker's Compensation payments related to Educational and General funds.

Texas Public Education Grants

- This strategy represents tuition set aside for the Texas Public Education Grants program as required by Section 56.033 of the Texas Education Code.



Schedule 3A- Strategy Request- Special Items

- ▶ Schedule 9, Special Item Information should be considered the primary schedule for all continuing special item requests.
- ▶ The mission statement from Schedule 9 should be used as strategy description and justification on Schedules 3A.
- ▶ In the Internal and External Factors Section, use the following statement:
 - *Additional information for this strategy is available in Schedule 9, Special Item Information.*



Schedule 1A

Other Educational and General Income

- ▶ Institutions should only include income that meet the definition of Other Educational and General income as defined in the Section 51.009c of the Texas Education Code. Interest Income on Educational and General funds is not specifically defined in this statute but is required on Schedule 1A.
- ▶ Refunds and Installment Payment Forfeits – Net refunds and installment payment forfeits out of gross tuition and report zero on the Refunds and Installment Payment Forfeits lines.
- ▶ Institutions are allowed to deduct tuition charged when the institution will not receive formula funding for the student or course. The institution should include 100% of the tuition charged, including the statutory amount in these cases.



Omitted Schedules

- ▶ A list of Schedules not included in the LAR should be included right after the Table of Contents.
- ▶ Institutions should no longer insert blank pages for the schedules that are omitted if they are included on this list.
- ▶ An example is attached.



Schedules Not Included

Agency Code: 720	Agency Name: The University of Texas System Admin.	Prepared By: Randy Wallace	Date: August 2010	Request Level: Baseline
<p>For the schedules identified below, the U. T. System Administration either has no information to report or the schedule is not applicable. Accordingly, these schedules have been excluded from the U. T. System Administration Legislative Appropriations Request for the 2012-13 biennium.</p>				
Number	Name			
2.D.	Summary of Base Request Objective Outcomes			
2.G.	Summary of Total Request Objective Outcomes			
3.C.	Rider Appropriations and Unexpended Balances Request			
6.B.	Current Biennium One-time Expenditure Schedule			
6.F.	Advisory Committee Supporting Schedule			
6.G.	Homeland Security Funding Schedule			
Schedule 1A	Other Educational and General Income			
Schedule 4	Computation of OASI			
Schedule 5	Calculation of Retirement Proportionality and ORP Differential			
Schedule 7	Current and Local Fund (General) Balances			
Schedule 10A	Tuition Revenue Bond Projects-Schedule			
Schedule 10B	Tuition Revenue Bond Issuance History			

What Next?

- ▶ ABEST Access -(Get Your Access NOW)
- ▶ Go To Legislative Budget Board web site.

<http://www.lbb.state.tx.us/>

Look under AGENCIES PORTAL

Click: Agency Logon Request Form

- ▶ The LAR will include up to 27 ABEST reports. Data will be entered into various data-entry screens, using instructions in Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST (Coming Soon)



What Next?

What should I do now?

- ▶ Determine which schedules apply
- ▶ Determine who is responsible for which schedules
- ▶ Make the assignments, send out the info, and set deadlines
- ▶ Order all necessary reports from Accounting, Payroll, Human Resources, etc.



What Next?

- ▶ Ensure someone is working on/reviewing:
 - Administrator's Statement
 - Performance Measures
 - Strategy/Exceptional Item Description and Justification
 - External/Internal Factors Impacting Strategy/Exceptional Item
 - Strategies tied to Statewide Goal/Benchmark/Service Categories
 - Special Item Information (Schedule 9)



What Next?

- ▶ Determine best order to work the budget/finance office schedules
 - 6.I. 10 Percent Biennial Base Reduction Options
 - Schedule 4 – Computation of OASI
 - Schedule 5 – Calc of Retirement Proportionality and ORP Diff
 - Schedule 1 – Other Educational and General Income
 - Schedule 2 – Grand Total Educational, General and Other Funds
 - 3.A. Strategy Request – OOE, MOF, and FTE
 - 4.A. Exceptional Item Request Schedule
 - Everything else
 - 2.B. Summary of Base Request by Method of Finance



Final Tips....



- ▶ You WILL get through this
- ▶ Use your resources right here in this room
- ▶ NO Question is EVER dumb!
- ▶ ASK QUESTIONS
- ▶ When in doubt, ASK
- ▶ Have a question.. ask

