



**SOUTH TEXAS
COLLEGE**

Board of Trustees

Public Hearing and Special Board Meeting

Tuesday, July 25, 2017

5:00 p.m.

Pecan Campus

Ann Richards Administration Building

Board Room

McAllen, Texas

Online Board Packet

**SOUTH TEXAS COLLEGE
BOARD OF TRUSTEES PUBLIC HEARING AND
SPECIAL MEETING ON FY 2017 - 2018 BUDGET**

Tuesday, July 25, 2017 @ 5:00 p.m.

**Ann Richards Administration Building Board Room, Pecan Campus
McAllen, Texas**

AGENDA

"At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code."

I. Call Meeting to Order

II. Determination of Quorum

III. Public Hearing on FY 2017 - 2018 Budget:1 -14

- Presentation of Overview of FY 2017 - 2018 Budget
- Public Comments
- Close of Public Hearing on FY 2017 - 2018 Budget

IV. Consideration and Action on Agenda Items:

**A. Consideration and Approval of the Resolution Adopting the Budget for FY
2017 – 2018 15**

V. Informational Items

- Regular Meeting of Board of Trustees, July 25, 2017 at 5:30 p.m., Ann Richards Administration Building Board Room, McAllen, Texas

VI. Adjournment

The Public Hearing on FY 2017 - 2018 Budget

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, will present the FY 2017 - 2018 Budget to the public and Board of Trustees during the public hearing and prior to the formal adoption of the Budget by the Board.

The Public Hearing on the FY 2017 - 2018 Budget will consist of:

- Presentation of Overview of FY 2017 - 2018 Budget
- Public Comments
- Closing of the Public Hearing on FY 2017 - 2018 Budget

The Budget is included under separate cover in the Board packet.



Proposed Unrestricted Fund Revenues FY 2017 - 2018

| Summary of Revenues | FY 2016 - 2017 Budget | FY 2017 – 2018 Proposed Budget | Increase/ (Decrease) |
|-------------------------------------|--------------------------|--------------------------------------|-------------------------|
| State Contact Hour Appropriation | \$38,583,036 | \$40,226,013 | \$1,642,977 |
| <i>Other State Appropriations:</i> | | | |
| Optional Retirement Plan | 509,784 | 536,458 | 26,674 |
| Teacher Retirement System | 2,096,539 | 2,206,242 | 109,703 |
| Higher Education Group Insurance | 4,641,377 | 5,481,778 | 840,401 |
| Other State Appropriations Subtotal | 7,247,700 | 8,224,478 | 976,778 |
| Total State Appropriations | 45,830,736 | 48,450,491 | 2,619,755 |
| Total Tuition | 32,442,757 | 33,653,172 | 1,210,415 |
| Total Fees | 27,838,868 | 27,669,015 | (169,853) |
| Total Other Revenues | 4,836,681 | 6,672,998 | 1,836,317 |
| Total Local Taxes | 46,512,737 | 48,691,317 | 2,178,580 |
| Total Carryover Allocations | 22,249,271 | 22,946,624 | 697,353 |
| Total Revenues | \$179,711,050 | \$188,083,617 | \$8,372,567 |

Proposed State Appropriation Revenue FY 2017 - 2018

| Appropriation Category | FY 2016 - 2017 | FY 2017 - 2018 | Increase |
|------------------------|---------------------|---------------------|--------------------|
| Core Operations | \$500,000 | \$680,406 | \$180,406 |
| Contact Hour Funding | 33,607,193 | 34,383,650 | 776,457 |
| Student Success | 3,670,736 | 4,089,967 | 419,231 |
| BAT | 805,107 | 1,071,990 | 266,883 |
| Total | \$38,583,036 | \$40,226,013 | \$1,642,977 |

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Proposed State Retirement Contribution FY 2017 - 2018

SB 1812, Eighty-third Legislature, limited the payroll state contribution rate for Optional Retirement Program (ORP) and the Teacher Retirement System (TRS) to 50% of the contribution. Total projected State Retirement Contribution is **\$2,742,700**.

| | FY 2016 - 2017 | | FY 2017 - 2018 | |
|-----|---------------------------------------|----------------------------|---------------------------------------|----------------------------|
| | Contribution Rate (State pays 50%) | Employee Contribution Rate | Contribution Rate (State pays 50%) | Employee Contribution Rate |
| ORP | 6.6% / 8.5% | 6.65% | 6.6% / 8.5% | 6.65% |
| TRS | 6.8% | 7.2% | 6.8% | 7.2% |

Proposed State Insurance Contribution FY 2017 - 2018

SB 1812, Eighty-third Legislature, set the payroll state contribution rate for Higher Education Group Insurance (HEGI) contributions for community colleges at 50% of the cost associated with eligible employees. Total projected State Insurance Contribution is **\$5,481,778**.

| Plan Name | FY 2016 - 2017 | | | FY 2017 - 2018 | | |
|-------------------|----------------|----------------------------------|---------------|----------------|----------------------------------|---------------|
| | Premium | Contribution (State Pays 50%) | Employee Pays | Premium | Contribution (State Pays 50%) | Employee Pays |
| Member Only | \$617.30 | \$617.30 | \$0 | \$621.90 | \$621.90 | \$0 |
| Member & Spouse | \$1,324.66 | \$970.98 | \$353.68 | \$1,334.54 | \$978.22 | \$356.32 |
| Member & Children | \$1,090.90 | \$854.10 | \$236.80 | \$1,099.06 | \$860.48 | \$238.58 |
| Member & Family | \$1,798.26 | \$1,207.78 | \$590.48 | \$1,811.70 | \$1,216.80 | \$594.90 |

Proposed Unrestricted Fund Revenues FY 2017 - 2018

| Summary of Revenues | FY 2016 - 2017 Budget | FY 2017 – 2018 Proposed Budget | Increase/ (Decrease) |
|---|--------------------------|--------------------------------------|-------------------------|
| State Contact Hour Appropriation | \$38,583,036 | \$40,226,013 | \$1,642,977 |
| <i>Other State Appropriations:</i> | | | |
| <i>Optional Retirement Plan</i> | 509,784 | 536,458 | 26,674 |
| <i>Teacher Retirement System</i> | 2,096,539 | 2,206,242 | 109,703 |
| <i>Higher Education Group Insurance</i> | 4,641,377 | 5,481,778 | 840,401 |
| Other State Appropriations Subtotal | 7,247,700 | 8,224,478 | 976,778 |
| Total State Appropriations | 45,830,736 | 48,450,491 | 2,619,755 |
| Total Tuition | 32,442,757 | 33,653,172 | 1,210,415 |
| Total Fees | 27,838,868 | 27,669,015 | (169,853) |
| Total Other Revenues | 4,836,681 | 6,672,998 | 1,836,317 |
| Total Local Taxes | 46,512,737 | 48,691,317 | 2,178,580 |
| Total Carryover Allocations | 22,249,271 | 22,946,624 | 697,353 |
| Total Revenues | \$179,711,050 | \$188,083,617 | \$8,372,567 |

Proposed Student Enrollment FY 2017 - 2018

Traditional and Dual Credit Students

Total Proposed Tuition and Fee Revenue is **\$61,322,187**.

Tuition: \$33,653,172

Fees: \$27,669,015

| Term | FY 2016 - 2017 Actual/Projected* | | | FY 2017 – 2018 Projected | | | | Total Students |
|--------|-------------------------------------|----------------|--------|---------------------------------------|---------------------|---------------------------|---------------------|-------------------|
| | Traditional | Dual Credit | Total | Traditional-1% Increase ✓ Total | Student Increase | Dual Credit ✓ Total | Student Increase | |
| Fall | 19,908 | 14,087 | 33,995 | 20,107 | 199 | 14,369 | 282 | 34,476 |
| Spring | 17,509 | 15,200 | 32,709 | 18,044 | 535 | 15,504 | 304 | 33,548 |
| SS1 | 6,696 | 3,757 | 10,453 | 6,763 | 67 | 3,832 | 75 | 10,595 |
| SS2* | 4,194 | 1,348 | 5,542 | 4,236 | 42 | 1,375 | 27 | 5,611 |

Spring FY 2017-2018 includes 360 additional NAH students.

Proposed Unrestricted Fund Revenues FY 2017 - 2018

| Summary of Revenues | FY 2016 - 2017 Budget | FY 2017 – 2018 Proposed Budget | Increase/ (Decrease) |
|---|--------------------------|--------------------------------------|-------------------------|
| State Contact Hour Appropriation | \$38,583,036 | \$40,226,013 | \$1,642,977 |
| <i>Other State Appropriations:</i> | | | |
| <i>Optional Retirement Plan</i> | 509,784 | 536,458 | 26,674 |
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| Total State Appropriations | 45,830,736 | 48,450,491 | 2,619,755 |
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Proposed Other Revenues FY 2017 - 2018

| Other Revenues | FY 2017 | FY 2018 | Increase/ (Decrease) |
|--|--------------------|--------------------|-------------------------|
| Concurrent Enrollment Cost Reimbursement | \$3,170,000 | \$4,183,366 | \$683,366 |
| Dual Credit Academy Participation Fee | 330,000 | 363,785 | 363,785 |
| Interest | 613,355 | 1,413,962 | 800,607 |
| Leases | 35,000 | 25,000 | (10,000) |
| Book Royalties | 3,000 | 2,000 | (1,000) |
| Administrative Costs and Shuttle System Contribution | 613,584 | 614,443 | 859 |
| Testing Commissions | 7,000 | 5,700 | (1,300) |
| Conferences – Continuing Education | 64,742 | 64,742 | - |
| Total Carryover Allocations | \$4,836,681 | \$6,672,998 | \$1,836,317 |

Proposed Unrestricted Fund Revenues FY 2017 - 2018

| Summary of Revenues | FY 2016 - 2017 Budget | FY 2017 – 2018 Proposed Budget | Increase/ (Decrease) |
|---|--------------------------|--------------------------------------|-------------------------|
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| <i>Other State Appropriations:</i> | | | |
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| <i>Higher Education Group Insurance</i> | 4,641,377 | 5,481,778 | 840,401 |
| Other State Appropriations Subtotal | 7,247,700 | 8,224,478 | 976,778 |
| Total State Appropriations | 45,830,736 | 48,450,491 | 2,619,755 |
| Total Tuition | 32,442,757 | 33,653,172 | 1,210,415 |
| Total Fees | 27,838,868 | 27,669,015 | (169,853) |
| Total Other Revenues | 4,836,681 | 6,672,998 | 1,836,317 |
| Total Local Taxes | 46,512,737 | 48,691,317 | 2,178,580 |
| Total Carryover Allocations | 22,249,271 | 22,946,624 | 697,353 |
| Total Revenues | \$179,711,050 | \$188,083,617 | \$8,372,567 |

Proposed Local Tax Revenue FY 2017 – 2018

Total Estimated Local Tax Revenue is \$48,691,317

| | FY 2016 – 2017 | FY 2017 – 2018 | Increase/ (Decrease) | % Increase |
|--------------------------------|-------------------|-------------------|-------------------------|---------------|
| Tax Rates | \$0.14 | \$0.14 | \$0 | |
| Taxable Assessed Value | 31,779,612,444 | 32,733,000,818 | 953,388,374 | 3.00% |
| <i>Hidalgo County</i> | 29,983,856,485 | 30,883,372,180 | 899,515,695 | 3.00% |
| <i>Starr County</i> | 1,795,755,959 | 1,849,628,638 | 53,872,679 | 3.00% |
| Tax Collections – Current Levy | 43,294,997 | 45,344,041 | 2,049,044 | 4.73% |
| Delinquent Tax | 1,853,368 | 1,993,348 | 139,980 | 7.55% |
| Penalties and Interest | 1,364,372 | 1,353,928 | (10,444) | (0.77%) |
| Total Taxes | 46,512,737 | 48,691,317 | 2,178,580 | 4.68% |

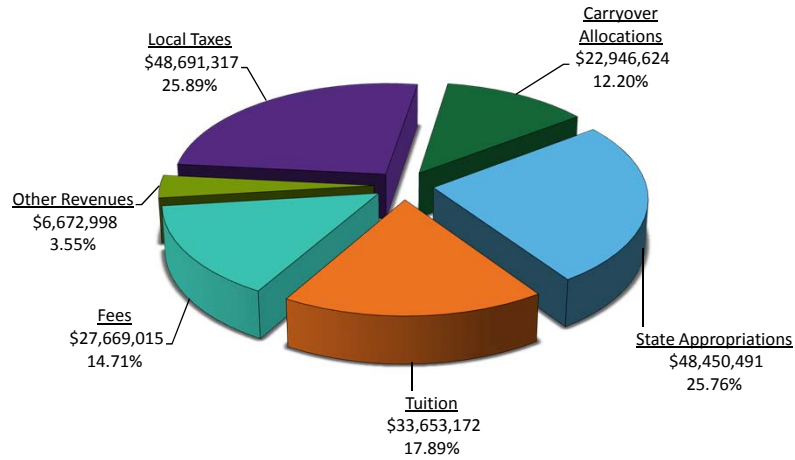
Proposed Unrestricted Fund Revenues FY 2017 - 2018

| Summary of Revenues | FY 2016 - 2017 Budget | FY 2017 – 2018 Proposed Budget | Increase/ (Decrease) |
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| Total Other Revenues | 4,836,681 | 6,672,998 | 1,836,317 |
| Total Local Taxes | 46,512,737 | 48,691,317 | 2,178,580 |
| Total Carryover Allocations | 22,249,271 | 22,946,624 | 697,353 |
| Total Revenues | \$179,711,050 | \$188,083,617 | \$8,372,567 |

Proposed Carryover Allocations FY 2017 - 2018

| Carryover Allocations-From Fund Balance | FY 2017 | FY 2018 | Increase/ (Decrease) |
|--|---------------------|---------------------|-------------------------|
| Non Public Fund | \$895,797 | \$- | \$(895,797) |
| Unexpended Construction Plant Transfer | 3,000,000 | 3,000,000 | - |
| Continuing Education | 929,188 | 600,000 | (329,188) |
| Capital Purchases | 2,886,634 | - | (2,886,634) |
| Contingency Fund | 2,000,000 | 1,500,000 | (500,000) |
| Instructional Book Royalties and Dramatic Enrollment Growth Allocation-Nursing | 14,076 | 11,278 | (2,798) |
| M&O Tax Bond Program 2013-FFE | 12,523,576 | 17,835,346 | 5,311,770 |
| Total Carryover Allocations | \$22,249,271 | \$22,946,624 | \$697,353 |

Proposed Unrestricted Fund Revenues FY 2017 - 2018

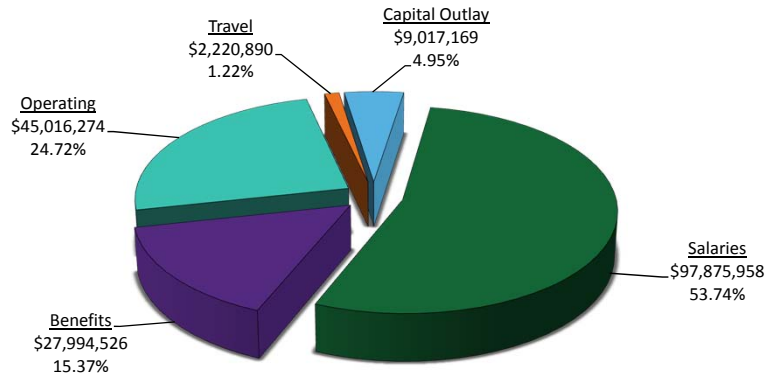


Proposed Unrestricted Fund Expenditures FY 2017 - 2018

| Summary of Expenditures | FY 2016 - 2017 Budget | FY 2017 - 2018 Proposed Budget | Increase/ (Decrease) |
|---|-----------------------|--------------------------------|----------------------|
| Total Salaries | \$93,009,192 | \$97,875,958 | \$4,866,766 |
| Total Benefits | 26,165,328 | 27,994,526 | 1,829,198 |
| Total Operating | 40,015,693 | 45,016,274 | 5,000,581 |
| Total Travel | 2,096,123 | 2,220,890 | 124,767 |
| Total Capital Outlay | 8,310,922 | 9,017,169 | 706,247 |
| Total Expenditures | \$169,597,258 | \$182,124,817 | \$12,527,559 |
| Transfers and Reserves | | | |
| Debt Service (MTR Bond Series 2007) | 393,800 | 394,800 | 1,000 |
| Transfer to Plant Funds | 3,000,000 | 3,000,000 | - |
| Transfer to NAAMREI / IAM | 564,000 | 564,000 | - |
| Contingency Fund | 2,000,000 | 2,000,000 | - |
| M&O Tax Bond Program 2013 | 4,155,992 | - | (4,155,992) |
| Total Transfers and Reserves | 10,113,792 | 5,985,800 | (4,154,992) |
| Total Expenditures, Transfers & Reserves | \$179,711,050 | \$188,083,617 | \$8,372,567 |

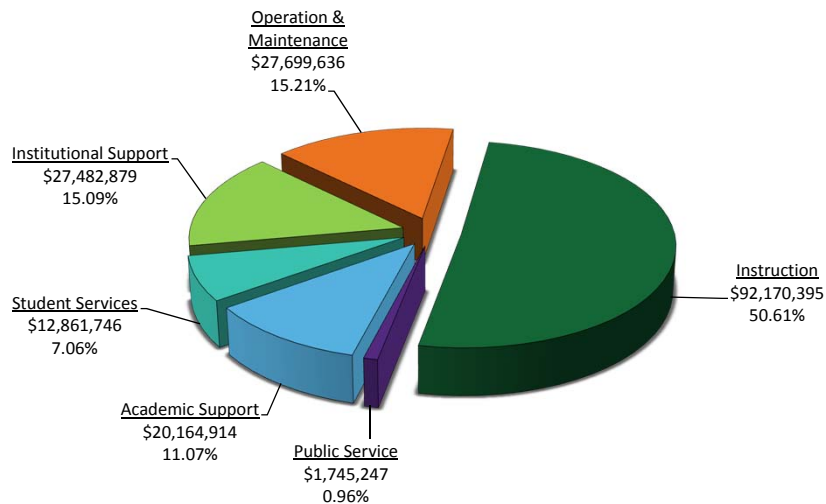
Proposed Unrestricted Fund Expenditures by Classification

Without Transfers and Reserves
FY 2017 - 2018



Proposed Unrestricted Fund Expenditures by Function

FY 2017 - 2018



Proposed Total Expenditures By Function FY 2017 - 2018

| Function | Amount | Percentage |
|------------------------------------|----------------------|----------------|
| Instruction | \$92,170,395 | 50.61% |
| Public Service | 1,745,247 | 0.96% |
| Academic Support | 20,164,914 | 11.07% |
| Student Services | 12,861,746 | 7.06% |
| Institutional Support | 27,482,879 | 15.09% |
| Operation & Maintenance | 27,699,636 | 15.21% |
| Total Proposed Expenditures | \$182,124,817 | 100.00% |

Proposed Salary Expenditures By Function FY 2017 - 2018

| Function | Amount | Percentage |
|---|---------------------|----------------|
| Instruction | \$54,082,998 | 55.26% |
| Public Service | 488,636 | 0.50% |
| Academic Support | 11,692,443 | 11.95% |
| Student Services | 8,119,484 | 8.30% |
| Institutional Support | 13,329,933 | 13.62% |
| Operation & Maintenance | 10,162,464 | 10.37% |
| Total Proposed Salaries Expenditures | \$97,875,958 | 100.00% |

Proposed Capital Expenditures FY 2017 - 2018

| Capital Expenditures Budget Proposals | Amount |
|--|--------------------|
| Instruction Laminar flow hood bench top, ultrasound unit, radiographic phantoms, neonatal mechanical ventilator, technology-instruction, FFE- instruction | \$5,434,061 |
| Public Service Welding mobile lab, technology-public service, FFE-public service | 662,290 |
| Academic Support Library books and videos, scheduling tool, technology-academic support, FFE-academic support | 649,330 |
| Student Services Technology-student services | 56,767 |
| Institutional Support Travel and expense system, server upgrades, FFE-institutional support | 629,840 |
| Operations and Maintenance Cargo and delivery truck, police vehicles, space management software, technology-operations & maintenance, FFE-operations & maintenance | 1,584,881 |
| Total Proposed Capital Expenditures | \$9,017,169 |

Proposed Auxiliary Fund FY 2017 - 2018

| Total Revenues | Total Expenditures |
|----------------|--------------------|
| \$4,890,472 | \$4,890,472 |

| Revenue Sources | Expenditure Types |
|--|--------------------------------|
| Bookstore Commissions | Student/Employee Initiatives |
| Food Service Sales | Food Service Expenditures |
| Vending Machine Commissions and Catering Commissions | Student/Employee Initiatives |
| Conferences Revenue | Conference Expenditures |
| Child Care Center Revenue | Child Care Center Expenditures |
| Student Copier Revenue | Student Copier Expenditures |

Proposed Restricted Fund FY 2017 - 2018

| Total Revenues | Total Expenditures |
|----------------|--------------------|
| \$72,506,975 | \$72,506,975 |

| Revenue Sources | Expenditure Types |
|---|--|
| State and Federal Financial Aid | Pell, SEOG, College Work-Study, TEOG Initial and Renewal |
| State and Federal Grants | TWC Skills Development Fund, Carl Perkins, Nursing Shortage Reduction, Veterans Chapter 31 |
| Private and Local Grants and Scholarships | Student scholarships, VIDA, City of McAllen |

Proposed Plant Fund

Unexpended-Construction Fund Non-Bond and Bond

FY 2017 - 2018

| Fund | Revenues, Transfer In and Fund Balance Allocation | Expenditures, Transfers and Reserves |
|---------------------------------------|---|--------------------------------------|
| Unexpended-Construction Fund-Non-Bond | \$23,264,236 | \$23,264,236 |
| Unexpended-Construction Fund-Bond | 75,575,065 | 75,575,065 |
| Total | \$98,839,301 | \$98,839,301 |

Proposed Plant Fund

Renewals & Replacements and Retirement of Indebtedness

FY 2017 - 2018

| Fund | Revenues, Transfer In and Fund Balance Allocation | Expenditures, Transfers and Reserves |
|---------------------------------------|---|--------------------------------------|
| Unexpended-Renewals & Replacements | \$5,332,500 | \$5,332,500 |
| Unexpended-Retirement of Indebtedness | \$16,737,343 | \$16,737,343 |



Questions?

Consideration and Approval of the Resolution Adopting the Budget for FY 2017 - 2018

It is recommended that the Board of Trustees approve the budget for FY 2017 - 2018 and adopt the resolution approving the Budget for FY 2017 - 2018 as presented.

A Notice of the Public Hearing on South Texas College's proposed budget for FY 2017 - 2018 was advertised on July 12, 2017 in the Starr County Town Crier, the Mid Valley Town Crier, and The Monitor. The Hearing gives the general public the opportunity to make comments and have input with regard to the adoption of the budget. A copy of the budget is included under separate cover.

The Resolution to Adopt the Budget follows in the packet for your information and review.

A copy of the proposed budget was made available for viewing at the Office of the Vice President for Finance and Administrative Services located in the Administration Building in Room 230 at the Pecan Campus prior to the Public Hearing. Copies of the budget were made available at the Public Hearing.

The Finance and Human Resources Committee reviewed the FY 2017 - 2018 Proposed Budget which included all Funds at their July 11, 2017 meeting and recommended approval.

Recommendation:

It is recommended that the Board of Trustees of South Texas College approve the Resolution adopting the Budget for FY 2017 - 2018 as presented.

The following Minute Order is proposed for consideration by the Board of Trustees:

The Board of Trustees of South Texas College approves the Resolution adopting the Budget for FY 2017 - 2018 as recommended.

Approval Recommended:

Shirley A. Reed, M.B.A., Ed.D.
President