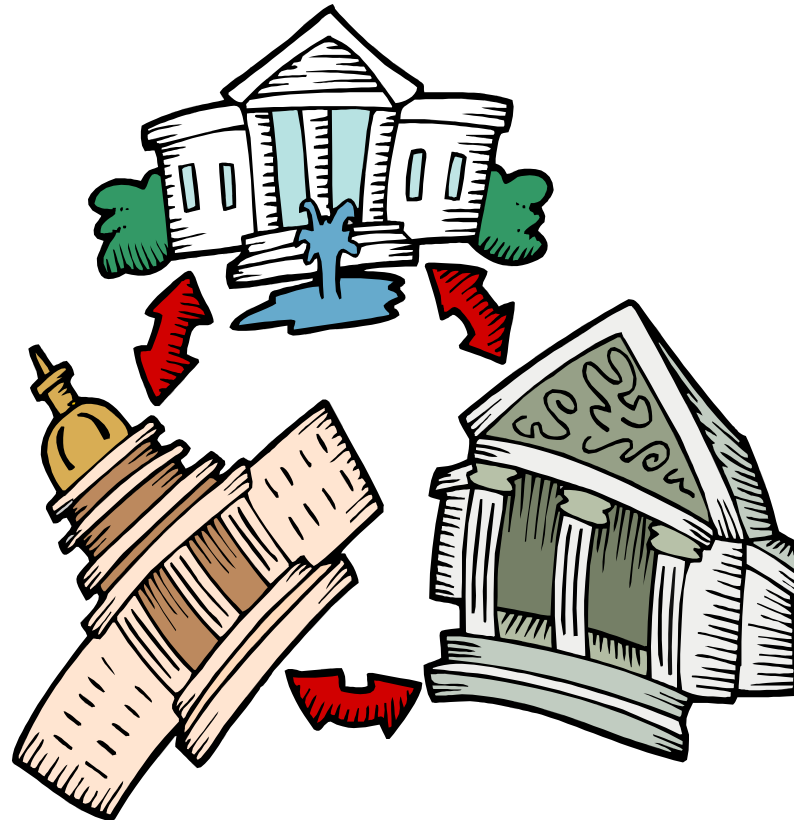


Welcome to the LAR Statewide Workshop

**TASSCUBO Budget Committee
January 2020**



Legislative Process



Texas State Legislature

- ▶ In session every two years
- ▶ Odd numbered years from January to 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(s), 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 2022 – FY 2023

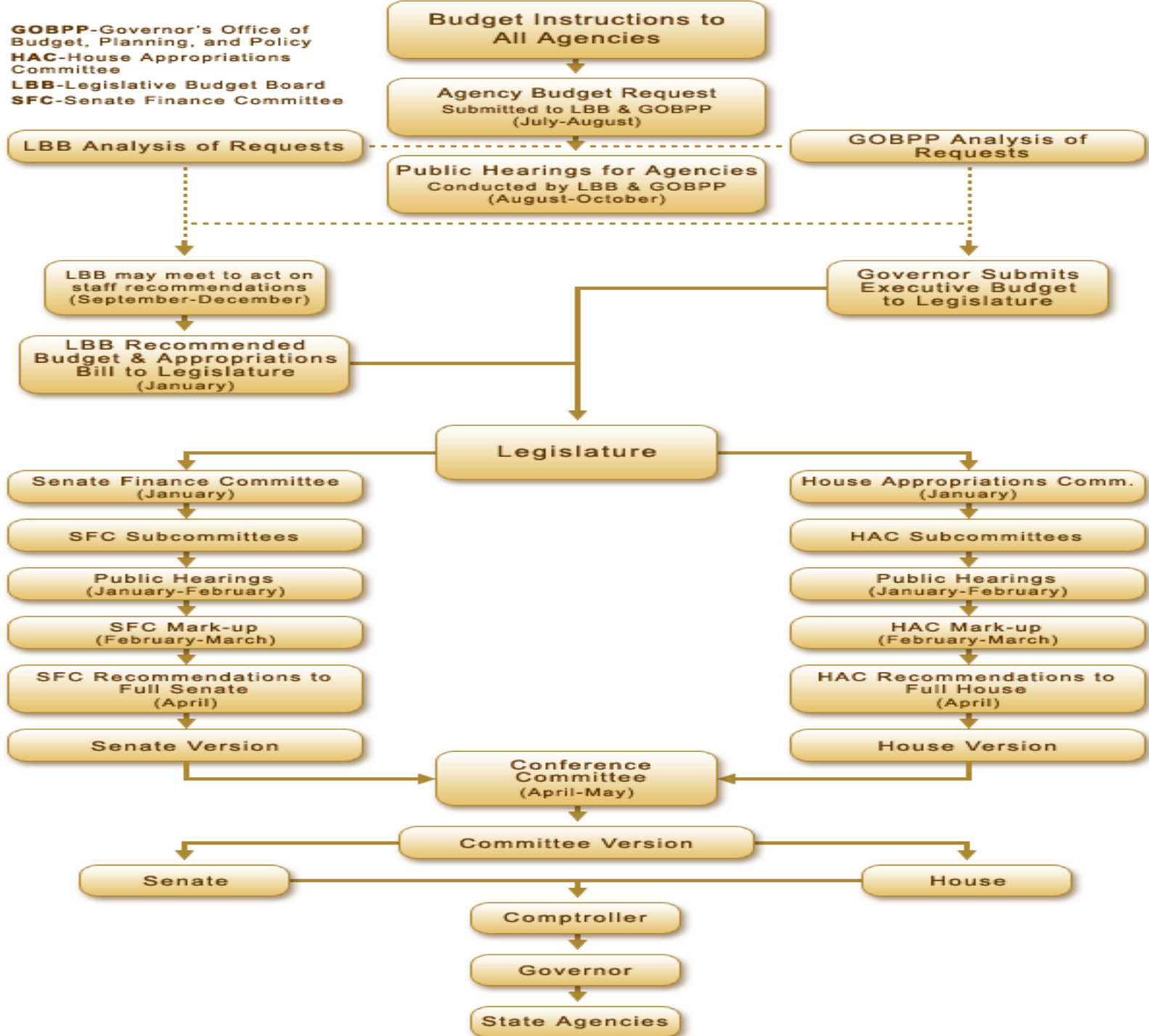
April 2020	Base Reconciliation Instructions Issued
May – June 2020	Budget (LAR) instructions issued by LBB and GOBPP
June 2020	Base Reconciliation is due
June – July 2020	LBB provides GR Target to Institutions
August 2020	Agency Budget Request (LAR) submitted to LBB & GOBPP
August – September 2020	Public Hearings conducted by LBB and GOBPP
October 2020	LAR Updates submitted

Legislative Cycle (GAA)

FY 2022 – FY 2023

January 2021	House and Senate each file a Base Bill
January 2021	House and Senate committees and subcommittees named
January – February 2021	House and Senate GAA Hearings
February – April 2021	House and Senate create and approve separate versions of the GAA
April – May 2021	Conference Committee creates final version of the GAA
May 2021	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

THE UNIVERSITY OF TEXAS AT DALLAS

	For the Years Ending	
	August 31, 2020	August 31, 2021
Method of Financing:		
General Revenue Fund ¹	\$ 99,582,898	\$ 99,321,497
<u>General Revenue Fund - Dedicated</u>		
Estimated Board Authorized Tuition Increases Account No. 704	\$ 6,790,700	\$ 6,790,700
Estimated Other Educational and General Income Account No. 770	<u>67,080,755</u>	<u>67,367,113</u>
Subtotal, General Revenue Fund - Dedicated	\$ <u>73,871,455</u>	\$ <u>74,157,813</u>
Total, Method of Financing	\$ <u>173,454,353</u>	\$ <u>173,479,310</u>
Items of Appropriation:		
1. Educational and General State Support	\$ 173,454,353	\$ 173,479,310
Grand Total, THE UNIVERSITY OF TEXAS AT DALLAS	\$ <u>173,454,353</u>	\$ <u>173,479,310</u>

This bill pattern represents an estimated 24.7% of this agency's estimated total available funds for the biennium.

Number of Full-Time-Equivalents (FTE)- Appropriated Funds¹	1,625.6	1,625.6
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Method
of Finance

Lump Sum
Appropriation

FTE Cap

Appropriation Bill Pattern

A. Goal: INSTRUCTION/OPERATIONS

Provide Instructional and Operations Support.

A.1.1. Strategy: OPERATIONS SUPPORT	\$ 116,390,923	\$ 116,390,923
A.1.2. Strategy: TEACHING EXPERIENCE SUPPLEMENT	1,327,547	1,327,547
A.1.3. Strategy: STAFF GROUP INSURANCE PREMIUMS	7,283,803	7,283,803
A.1.4. Strategy: WORKERS' COMPENSATION INSURANCE	91,800	91,800
A.1.5. Strategy: UNEMPLOYMENT COMPENSATION INSURANCE	91,800	91,800
A.1.6. Strategy: TEXAS PUBLIC EDUCATION GRANTS	5,229,568	5,254,253
A.1.7. Strategy: ORGANIZED ACTIVITIES	<u>6,176,865</u>	<u>6,176,865</u>

Total, Goal A: INSTRUCTION/OPERATIONS \$ 136,592,306 \$ 136,616,991

B. Goal: INFRASTRUCTURE SUPPORT

Provide Infrastructure Support.

B.1.1. Strategy: E&G SPACE SUPPORT Educational and General Space Support.	\$ 16,889,122	\$ 16,889,121
B.1.2. Strategy: TUITION REVENUE BOND RETIREMENT	<u>8,756,475</u>	<u>8,756,750</u>

Total, Goal B: INFRASTRUCTURE SUPPORT \$ 25,645,597 \$ 25,645,871

Goals

C. Goal: NON-FORMULA SUPPORT

Provide Non-formula Support.

C.1. Objective: RESEARCH		
C.1.1. Strategy: CENTER FOR APPLIED BIOLOGY	\$ 270,786	\$ 270,785
C.1.2. Strategy: NANOTECHNOLOGY	108,315	108,314
C.1.3. Strategy: MIDDLE SCHOOL BRAIN YEARS ¹	1,490,302	1,490,302
C.2. Objective: PUBLIC SERVICE		
C.2.1. Strategy: ACADEMIC BRIDGE PROGRAM Intensive Summer Academic Bridge Program.	\$ 663,415	\$ 663,415
C.3. Objective: INSTITUTIONAL SUPPORT		
C.3.1. Strategy: SCIENCE, ENGINEERING, MATH	<u>\$ 59,199</u>	<u>\$ 59,199</u>

Total, Goal C: NON-FORMULA SUPPORT \$ 2,592,017 \$ 2,592,015

Strategies

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
 - Non-formula Support (formerly 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, Biomedical Informatics
- ▶ 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
- ▶ Dental Loans (HRIs only)

Other Common Strategies:

- ▶ Tuition Revenue Bond Debt Service
- ▶ Worker's Compensation
- ▶ Unemployment Compensation
- ▶ Research funds (GAIs only)

Strategies

Non-Formula Support

Non-formula Support items are appropriated in a Non-formula Support goal in the Bill Pattern. These 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 Texas at Dallas. 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 Texas at Dallas. In order to achieve the objectives and service standards established by this Act, The University of Texas at Dallas shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2020</u>	<u>2021</u>
A. Goal: INSTRUCTION/OPERATIONS		
Outcome (Results/Impact):		
Percent of First-time, Full-time, Degree-seeking Freshmen Who Earn a Baccalaureate Degree within Six Academic Years	71.1%	71.6%
Percent of First-time, Full-time, Degree-seeking Freshmen Who Earn a Baccalaureate Degree within Four Academic Years	54.94%	55.44%
Persistence Rate of First-time, Full-time, Degree-seeking Freshmen Students after One Academic Year	89.07%	89.57%
Certification Rate of Teacher Education Graduates	99%	99%
Percent of Baccalaureate Graduates Who Are First Generation College Graduates	30%	30%
Percent of Incoming Full-time Undergraduate Transfer Students Who Graduate within Four Years	71.87%	72.95%
Percent of Incoming Full-time Undergraduate Transfer Students Who Graduate within Two Years	25.41%	25.79%
Percent of Lower Division Semester Credit Hours Taught by Tenured or Tenure-Track Faculty	29%	31%
Dollar Value of External or Sponsored Research Funds (in Millions)	68	69
A.1.1. Strategy: OPERATIONS SUPPORT		
Efficiencies:		
Administrative Cost as a Percent of Total Expenditures	7%	7%
Average Cost of Resident Undergraduate Tuition And Fees For 15 Semester Credit Hours	6,678	6,895
Explanatory:		
Average Student Loan Debt	25,938	26,781
Percent of Students with Student Loan Debt	33%	33%
Average Financial Aid Award Per Full-Time Student	12,665	13,076
Percent of Full-Time Students Receiving Financial Aid	80%	80%

Performance
Measure
Targets

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

Appropriation Bill Pattern

- 5. Estimated Appropriation and Unexpended Balance.** Included in the amounts appropriated above are: (1) estimated appropriations of amounts available for distribution or investment returns out of the Permanent Endowment Fund for The University of Texas Health Science Center at Tyler No. 816 and (2) estimated appropriations of the institution's estimated allocation of amounts available for distribution out of the Permanent Health Fund for Higher Education No. 810.
- a. Amounts available for distribution or investment returns in excess of the amounts estimated above are also appropriated to the institution. In the event that amounts available for distribution or investment returns are less than the amounts estimated above, this Act may not be construed as appropriating funds to makeup the difference.
 - b. All balances of estimated appropriations from the Permanent Endowment Fund for The University of Texas Health Science Center at Tyler No. 816 and of the institution's allocation from the amounts available for distribution out of the Permanent Health Fund for Higher Education No. 810, except for any General Revenue, at the close of the fiscal year ending August 31, 2019, and the income to said fund during the fiscal years beginning September 1, 2019, are hereby appropriated. Any unexpended appropriations made above as of August 31, 2020, are hereby appropriated to the institution for the same purposes for fiscal year 2021.



LAR Structure

LAR Method of Finance

- ▶ Unless otherwise instructed by the LBB, institutions should only include the funding sources included in the GAA Method of Finance section for the current biennium
- ▶ Institutional (Designated) Tuition is not appropriated through the GAA and should not be included as a Method of Finance in the LAR

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	Behavioral Health Funding Schedule	
8	Summary of Requests for Capital Project Financing	

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	Non-Formula Support Information	

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)	

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 2020
 - Update Base Reconciliation with final 2020 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

LAR Timeline

Timeline is Short

- Jan. 2020 LBB/Governor's Office begin work on LAR instructions
- Spring 2020 Admissions offers for Fall 2020. Non-semester length courses that count in summer may have begun as early as Feb.
- June 2020 LAR instructions Issued
- June 2020 Start of Base Period when Summer 2020 begins.
- Aug. 2020 LARs due. Fall 2020 Semester.
- Sept. 2020 LAR Hearings
- Oct. 2020 LAR updates
- Jan. 2021 Session begins. Base Bill filed.

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:

- ▶ For System Offices and Independents, include a reference to the Board of Regents being listed on the Organizational Chart
- ▶ System Offices and Independents also need to include a list of programs recommended for consolidation or elimination by the Coordinating Board
- ▶ Brief narrative explaining the approach in preparing the 10% Base Reduction Exercise

Administrator's Statement

Be sure to include:

- ▶ Exceptional Item Requests: description of the program and funding request by year and MOF
- ▶ Tuition Revenue Bond (TRB) 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 non-formula support (formerly special items)
- Funding for new programs
- Funding for debt service for new TRB requests
- Restoration of cuts made by policy letter

▶ **Exceptional Items do NOT include:**

- Baseline funding for existing non-formula support 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 appear in the LAR in several places:
 - Administrator's Statement
 - Summary of Request,
 - 2E, Summary of Exceptional Items Request
 - 2F, Summary of Total Request by Strategy
 - 2G, Summary of Total Request Objective Outcomes
 - Schedule 3.A.1, Program-Level Request Schedule
 - Schedule 4
 - 4.A. Exceptional Item Request
 - 4.B. Exceptional Item Allocation
 - 4.C. Exceptional Item Strategy Request
 - Schedule 9, Special Item Information

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. *Impacts to objective Outcomes must be separately entered into ABEST.*

Exceptional Item Requests

▶ **Schedule 3.A.1, Program-Level Request:**

- You will need to complete this Excel template for all programs, including all exceptional item request amounts.
- Programs based on State Budget by Program Categories, except for Institutional Enhancement
- Exceptional item requests for new non-formula support items should use the name of the non-formula support item as the program name
- Show Institutional Enhancement broken out into NACUBO function categories

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 non-formula support items. Also include additional information on IT components.
 - 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

▶ **Schedule 9, Non-formula Item Information:**

- For exceptional item requests for new non-formula support items (formerly special items), you will need to complete Schedule 9 for the requested item(s).
- The same guidelines used for this schedule for existing items should be used for new items.
- For requests to restore policy letter reductions, Schedule 9 is not necessary.

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. Debt service for new requested TRBs is included in the exceptional item requests.
- ▶ 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 new requested bonds
- Additional information for each TRB may be 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 – 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 debt service calculations. System offices will likely provide.
 - In the past, higher education has generally used 6 percent for 20 year bonds

- ▶ Make sure the description and numbers tie to what is in the Administrator's Statement

Base Reconciliation Process Including 1A, 4 and 5

Schedule 1A: Other Educational and General Income

- ▶ Used to calculate the estimated appropriations for Other Educational and General Income
- ▶ Do not include Designated Tuition 
- ▶ Report all tuition waived, rebated, etc. (items which you do not receive formula funding)
- ▶ Reconcile waivers and 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 Designated Tuition

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

- Board Authorized Tuition (BAT) assessed to resident graduate students, gross (do not reduce by waivers or exemptions).

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 for repeated or excessive hours (TECA 54.014)

- Include the \$50 of statutory revenue here

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 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, gross (do not reduce by waivers or exemptions).

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 for repeated or excessive hours (TECA 54.014)

Tuition

Less: Resident Waivers and Exemptions

- Waivers and exemptions of statutory tuition as reported in IFRS: EXCLUDE Hazlewood Exemptions
 - Remissions = Waivers

Less: Non-Resident Waivers and Exemptions

Less: Hazlewood Exemptions

- On Statutory Tuition – DO NOT INCLUDE ANY HAZLEWOOD ON DESIGNATED TUITION

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 rebates for certain undergraduates

- \$1,000 rebates provided under TECA 54.0065

 Plus: Tuition waived for students 55 years or older

- Waived by authority of TECA 54.263

Tuition

 Less: Tuition for repeated or excessive hours

- Charged by authority of TECA 54.014, include \$50 statutory

 Plus: Tuition Waived for Texas Grant recipients

- Waived by authority of TECA 56.307

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

- Statutory tuition transferred by authority of TECA 56c and TECA 56d (tie to TPEG strategy)

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

 Less: Statutory tuition set aside for Doctoral Incentive Loan Program

- Statutory tuition transferred by authority of TECA 56.095
 - NO AMOUNTS SHOULD BE REPORTED ON THIS LINE

Tuition

 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 Local Funds in state treasury	<ul style="list-style-type: none">• Report total annual distributions by state comptroller. This is unspent revenues collected and required to be deposited in the state treasury related to student tuition and fees.
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.
Other Income (Itemize)	<ul style="list-style-type: none">• Report Miscellaneous Income
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 (tie to sch 4)
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 (tie to sch 5)
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 (tie to SGIP Strategy)
<u>Equals: Total Other Educational & General Income (formula amounts)</u>	

Reconciliation to Summary of Request

Add back selected items deducted above in order to provide control total for “Total, General Revenue Fund-Dedicated” used as method of finance (MOF) in LAR.

- Include all items necessary to reconcile to Summary of Request – (to include but not limited to TPEG, Staff Group Insurance, Organized Activities, Board Authorized Tuition, Tuition due to Excessive Hours)

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
 - Dental Loans (HRI's only)

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

Schedule 1A (continued)

- ▶ For FY 2019 and FY 2020, the bottom line will not necessarily tie to the total MOF in your strategies
 - The MOF in your strategies for FY 2019 should equal what you actually spent as entered in USAS.
 - If you didn't spend all you collected in FY 2019, you could spend all of your FY 2020 revenues plus unexpended balance from FY 2019
- ▶ For FY 2021 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 2019 through 2023
- ▶ 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 2019 through 2023
 - Year 1 actual TRS and ORP comes from APS 011
 - Back into 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 and 8.5 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*

Rates	2017	2018	2019	2020	2021
TRS	6.8%	6.8%	6.8%	7.5%	7.5%
ORP	6.6%	6.6%	6.6%	6.6%	6.6%
ORP Differential	1.9%	1.9%	1.9%	1.9%	1.9%

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 2022-2023
 - 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, lapsed appropriations, etc.

▶ 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 and include all GR dedicated funds, 704, 770*)
- “Adjustment to Expended” – adjust to actual amount **expended** for FY 2019 and estimated for FY 2020

- Schedule 1A = Income  Base Recon = Expenditures

Base Reconciliation

Other tips:

- ▶ Years 4 and 5 baselines are non-formula such as:
 - WCI/UCI
 - TRB
 - Special Items
 - GIP
 - TPEG
 - Organized Activities
- ▶ Board authorized tuition (704) 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 from the bill pattern as a “regular appropriation”
- ▶ Show authorization for additional FTE's (lessor of 50 FTE or 110% found in Art IX, Sec 6.10) as a “rider appropriation”
- ▶ List the number of FTE's above or below the cap for FY 2019 (above or below bill pattern FTE's plus additional FTE's allowed in Sec 6.1)
- ▶ Total adjusted FTE's for 2019 should equal the average of the 4 quarters reported to the SAO (use “unauthorized above/below” to adjust from appropriated + authorized additional)
- ▶ 2020 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

Example:		
"Regular" appropriations found in the bill pattern	1,000	
+ "Rider" appropriations Art IX, Sec 6.1	50	<i>*approval not needed for these</i>
= Total Authorized	1,050	<i>*this line is not found on the base recon</i>
"+ or - unauthorized number above (below) cap	200	
Total, Adjusted FTE's	1,250	<i>*tie to SAO report</i>

Base Reconciliation

Schedules that impact Base Reconciliation

- ▶ Schedule 1A Other E&G Income
- ▶ Schedule 4 & 5
- ▶ Schedule 7 Personnel
- ▶ Schedule 3A Strategy Request

Non-LAR schedules that impact Base Reconciliation

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

BREAK

3A Strategy Request

3A. Strategies

- ▶ The Strategy request is the basic building block of the budget request. It sets out the baseline funding requested by the agency.
- ▶ Only appropriated dollars are to be included. Do not include any designated fund expenditures or method of finance.
- ▶ Required for each item in your Appropriation Bill pattern
- ▶ Includes 5 years of data:
 - 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 19, estimated for FY 20 & 21, requested for FY 22 & 23
 - “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
 - Non-formula Items – descriptive narrative of non-formula 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 19	FY 20	FY 21	FY 22 & 23
Operations Support	GR (1) and E&G (704,770)	Determined via Formula	Actual	Estimate	Budget	Zero
Teaching Experience Supplement	GR (1) and E&G (704,770)	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 grants	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 at institutions that operate income-producing enterprises as part of an educational program, not used as a formula MOF	Actual	Estimate	Budget	Estimate
E&G Space Support	GR (1) and E&G (704,770)	Determined via Formula	Actual	Estimate	Budget	Zero
Tuition Revenue Bond Retirement	GR (1)	Allocated for debt service payments	Actual	Estimate	Budget	Estimate
Non-Formula support (various)	GR (1)	Primarily all special items are funded 100% with GR	Actual	Estimate	Budget	Estimate
Core Research Support, Comprehensive Research Fund, Texas Research University Fund	GR (1)	Determined via Formula	Actual	Estimate	Budget	Zero

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

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-3

Texas Research University Fund

- The Texas Research University Fund provides funding to The University of Texas at Austin and Texas A&M University to support faculty to ensure excellence in instruction and research.
- A legislatively determined amount of funding is allocated based on each institution's average research expenditures for the previous three-year period as reported to the Higher Education Coordinating Board.

Texas Comprehensive Research Fund

- The Texas Comprehensive Research Fund provides funding to promote increased research capacity at eligible general academic teaching institutions including those other than The University of Texas at Austin, Texas A&M University or any institution designated as an emerging research university under the Higher Education Coordinating Board's (THECB) accountability system.
- Funding is to be expended for the support and maintenance of educational and general activities, including research and student services, that promote increased research capacity.
- A legislatively determined amount of funding is allocated based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years as reported to THECB.

General Academic Institutions-4

Core Research Support Fund

- The Core Research Support Fund is established to provide funding to promote increased research capacity at those institutions designated as an emerging research university under the Higher Education Coordinating Board's (THECB) accountability system.
- Funding is to be expended for the support and maintenance of educational and general activities, including research and student services, that promote increased research capacity.
- A legislatively determined amount of funding is appropriated to eligible institutions as follows: (1) 50 percent based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years as reported to THECB; and (2) 50 percent based on the average amount of total research funds expended by each institution per year for the three preceding state fiscal years as reported to THECB.

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 formula for this strategy is based on weighted biomedical informatics 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 institution is included in the total funding for hospital and patient care activities. (This paragraph would only be included for UTMB, UTMD Anderson and UTHSC Tyler).

Research Enhancement

- The Research Enhancement formula allocates a fixed amount per year to each institution in addition to a legislatively determined percentage 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 for faculty costs related to GME.

Health Related Institutions -3

Dental Loans

- For institutions with Dental Schools add: Section 61.910 of the Texas Education Code requires that 2% of the resident dental school tuition be transferred for repayment of student loans of dentists subject to eligibility determinations established by the Texas Higher Education Coordinating Board. This amount is also reported in the Medical Loans strategy.

Permanent Health Fund for Higher Education (Education Code, Section 63.001)

- This strategy includes the institution's allocation of the Permanent Health Fund for Higher Education established by Section 63.001 of the Texas Education Code. The purpose of these funds includes medical research, health education, treatment programs, or state matching funds for the eminent scholars fund program.

Health Related Institutions -4

Other Permanent Health Funds (Education Code, Section 63.101)

- Funding for this strategy is derived from annual distributions of this institution's permanent endowment fund 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 or for state matching funds for the eminent scholars fund program.
- Note: UTHSC San Antonio, UTEP, TTUHSC El Paso, TTUHSC (not El Paso) and TAMU HSC have additional purposes in Sec. 63.102(c) that should be added as appropriate.

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- Non-Formula Items

- ▶ Schedule 9, Non-Formula item Information should be considered the primary schedule for all continuing non-formula 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, non-formula Information*

Schedule 9 – Non-formula Items Information

- ▶ Provides additional information on Non-formula items funded through the GAA
- ▶ Include ALL existing Non-formula items AND NEW requested exceptional items
- ▶ Coordinate with the director of your Non-formula item for the best and most up-to-date information
- ▶ Additional requirements recently added:
 - Permanent or temporary funding (include time frame)
 - Benchmarks and performance reviews

6I 10% Base Reduction

Schedule 6.1

10 Percent Biennial Base Reduction Options Schedule

- ▶ Details the 10 percent General Revenue-related reduction options, in 2.5% increments, required by the Policy letter and detailed instructions issued by the Governor's Office of Budget and Policy (GOBP) and the Legislative Budget Board (LBB)
- ▶ Upon approval of the agency's 2020–21 biennial base reconciliation, the LBB and GOBP will calculate the General Revenue and General Revenue–Dedicated 10 percent amount attributed from your institution NON-FORMULA items for the reduction. The target amount will be communicated to the agency and entered into ABEST.

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 and Policy**
1100 San Jacinto, 4th Floor
Austin, TX 78701
(512) 463-1778

MEMORANDUM

June 22, 2018

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

An initial step in developing the 2020-21 biennial budget for the State of Texas is submission of agency and institution Legislative Appropriations Requests. Detailed instructions for the submission are posted on the websites of the Legislative Budget Board and the Office of the Governor, including a staggered schedule of submission dates.

It is imperative that every state agency engage in a thorough review of each program and budget strategy and determine the value of each dollar spent. 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 2018 and budgeted in fiscal year 2019. While the state's economic landscape is positive and a balance is projected to accrue in the treasury, agencies are directed to be vigilant in their spending and continue to be responsible stewards of state resources. Agencies must also submit a supplemental schedule detailing how they would reduce the baseline request by an additional 10 percent (in 2.5 percent increments) in General Revenue and General Revenue Dedicated Funds.

Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for Foundation School Program under current law;
- maintain public safety resources in the border region to help secure Texas;
- satisfy debt service requirements for bond authorizations;
- maintain funding at fiscal year 2019 budgeted levels plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education

Sample of Non-Formula GR Items

Workers' Compensation	GR	Local portion
Unemployment Compensation	GR	Local portion

Non-Formula: Non-formula Items

Non-formula 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 non-formula items are called ***exceptional items***

Non-formula GR Items Excluded from 10% Calculation

- ▶ Tuition Revenue Bond Debt Service
- ▶ Comprehensive Research Fund
- ▶ Core Research Fund
- ▶ Texas Research University Fund
- ▶ Appropriation Adjustments/Corrections
- ▶ Other Statutory exemptions

How to calculate the 10 Percent Biennial Reduction Amount

	Base Request 2018-19 Appr	10% Reduction
Non-Formula Items in the 2018-19 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)		
Institutional Enhancement	3,707,104	370,710
Other Items:		
Unemployment Compensation Insurance	42,420	4,242
Worker's Compensation Insurance	170,360	17,036
Total	5,267,437	526,744
	10% Reduction	526,744

Entering the Data

- ▶ Target amount will be communicated and entered into ABEST
- ▶ Submit in 2.5% 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		
		2018	2019	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 FY2018 and FY2019 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 FY2018 and FY2019 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 FY2018 and FY2019 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

Staff Group Insurance Data Elements

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, 3D: Group Insurance Data Elements

- ▶ Schedule 3A to be completed by institutions participating in the Employee Retirement System (ERS) Group Benefit Program
- ▶ Schedule 3B to be completed by components of The University of Texas and Texas A&M Systems
- ▶ Schedule 3D (Supplemental) to be completed by some institutions listed in the LAR instructions to report contracted employees – for example Correctional Managed Health Care employees from the Texas Department of Criminal Justice
- ▶ Reported enrollment numbers in the LAR should represent the institutions best estimate of actual enrollment as of December 1, 2020. Actual funding will be based on updated census counts to be expected to be reported on January 2021.

Schedule 3A, 3B, 3D:

Group Insurance Data Elements

- ▶ Employee benefits must be paid from the same revenue source as salaries.
- ▶ The Method of Financing for Group Health Insurance premiums shall be based on the APS 011 (proportionality) reported by the institution for fiscal year 2020. For LAR purposes, use estimated proportionality likely to be reported.
- ▶ 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
- ▶ Retired Employees:
 - ERS institutions should NOT include them in Schedule 3A
 - UT and A&M institutions SHALL include retired employees in Schedule 3B.
 - **NOTE - Retirees should be allocated between appropriated and non appropriated sources in a proportion similar to current salary expenses and in a manner consistent with APS 11 instructions.**
- ▶ Sum certain amount will show up in Appropriations Bill (after State rates are set)

BREAK

Other LAR Schedules

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 2019 – FY 2023) 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 +/- 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

- ▶ Riders may require revision due to statutory reference changes, technical corrections, changes in agency policy, or need for clarification. Riders that make appropriations for sum-certain, estimated, or unexpended balance amounts may also require revisions.
- ▶ 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

6H – Estimated Funds Outside the Bill Pattern

- ▶ Used to create the % used in each institution's bill pattern
 - This bill pattern represents an estimated x% of this agency's total available funds for the biennium
- ▶ Schedule of Revenue from All Funds to be completed in an Excel Template
- ▶ Annual amounts for each current biennium (FY 2020-2021) and requested biennium (FY 2022-2023)
- ▶ Include first section for Fund sources appropriated in the GAA Bill Pattern, General Revenue and GR Dedicated; second section for funds appropriated outside of the Bill Pattern, State paid Benefits and transfers; third section for all other local funds.
- ▶ Example follows

6.H. ESTIMATED FUNDS OUTSIDE THE INSTITUTION'S BILL PATTERN
2018-19 and 2020-21 Biennia
 86th Regular Session, Agency Submission, Version 1

Agency Code: 751

Agency name: Texas A&M University-Commerce

	2018-19 Biennium				2020-21 Biennium			
	FY 2018 Revenue	FY 2019 Revenue	Biennium Total	Percent of Total	FY 2020 Revenue	FY 2021 Revenue	Biennium Total	Percent of Total
APPROPRIATED SOURCES INSIDE THE BILL PATTERN								
State Appropriations (excluding HEGI & State Paid Fringes)	\$ 41,548,778	\$ 41,556,331	\$ 83,105,109		\$ 41,971,894	\$ 41,971,894	\$ 83,943,789	
Tuition and Fees (net of Discounts and Allowances)	17,466,357	16,918,358	34,384,715		17,012,016	17,106,143	34,118,159	
Endowment and Interest Income	78,866	30,000	108,866		30,000	30,000	60,000	
Sales and Services of Educational Activities (net)	73,956	73,956	147,912		73,956	73,956	147,912	
Sales and Services of Hospitals (net)	-	-	-		-	-	-	
Tuition Revenue Bond Art III Rider 64	-	-	-		-	-	-	
Other Income	-	-	-		-	-	-	
Total	59,167,957	58,578,645	117,746,602	32.4%	59,087,866	59,181,993	118,269,860	32.3%
APPROPRIATED SOURCES OUTSIDE THE BILL PATTERN								
State Appropriations (HEGI & State Paid Fringes)	\$ 8,642,281	\$ 9,512,614	\$ 18,154,895		\$ 9,988,245	\$ 9,988,245	\$ 19,976,489	
Higher Education Assistance Funds	10,786,313	10,786,313	21,572,626		10,786,313	10,786,313	21,572,626	
Available University Fund	-	-	-		-	-	-	
State Grants and Contracts	6,695,285	6,808,045	13,503,330		5,600,000	5,600,000	11,200,000	
Hazlewood	251,981	259,261	511,242		259,261	259,261	518,522	
Total	26,375,860	27,366,233	53,742,093	14.8%	26,633,819	26,633,819	53,267,637	14.5%
NON-APPROPRIATED SOURCES								
Tuition and Fees (net of Discounts and Allowances)	57,133,103	57,704,434	114,837,537		58,000,000	58,000,000	116,000,000	
Federal Grants and Contracts	13,912,268	14,468,759	28,381,028		16,000,000	16,000,000	32,000,000	
State Grants and Contracts	-	-	-		-	-	-	
Local Government Grants and Contracts	-	-	-		-	-	-	
Private Gifts and Grants	1,462,475	1,535,598	2,998,073		375,000	375,000	750,000	
Endowment and Interest Income	4,552,243	2,600,000	7,152,243		2,600,000	2,600,000	5,200,000	
Sales and Services of Educational Activities (net)	3,191,350	3,350,917	6,542,267		3,350,000	3,350,000	6,700,000	
Sales and Services of Hospitals (net)	-	-	-		-	-	-	
Professional Fees (net)	-	-	-		-	-	-	
Auxiliary Enterprises (net)	15,587,477	16,366,851	31,954,329		17,000,000	17,000,000	34,000,000	
Other Income	-	-	-		-	-	-	
Total	95,838,915	96,026,560	191,865,476	52.8%	97,325,000	97,325,000	194,650,000	53.2%
TOTAL SOURCES	\$ 181,382,733	\$ 181,971,438	\$ 363,354,171	100.0%	\$ 183,046,685	\$ 183,140,812	\$ 366,187,497	100.0%

6A. 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 spending
 - 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

6G. Homeland Security Reporting Schedule

This schedule only includes expenditures from federal funds

- ▶ Part A: Terrorism-related expenditures – funds used to prevent terrorist attacks, reduce vulnerability to terrorism, etc. Includes defense against terrorist attacks, emergency preparedness, and response
- ▶ Part B: Natural/Man Made Disasters – wildfires, hurricanes, floods, tornadoes. Include Hurricane Harvey related impacts (closely aligned with monthly submissions to the LBB)
- ▶ Identify which federal awards to include in the schedules, review CFDA numbers, key words, sponsor name and abstract
- ▶ Identifying the correct CFDA numbers is not a clear cut process. Do the best you can.
- ▶ Example follows

6.G HOMELAND SECURITY FUNDING SCHEDULE - PART B NATURAL OR MAN-MADE DISASTERS

DATE: 7/19/2018
TIME: 4:23:32PM

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 721 Agency name: The University of Texas at Austin

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
OBJECTS OF EXPENSE						
1001	SALARIES AND WAGES	\$71,655	\$427,741	\$829,909	\$0	\$0
1002	OTHER PERSONNEL COSTS	\$13,692	\$60,227	\$249,340	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$17,637	\$181,348	\$1,500,232	\$0	\$0
TOTAL, OBJECTS OF EXPENSE		\$102,984	\$669,316	\$2,579,481	\$0	\$0
METHOD OF FINANCING						
555	Federal Funds					
	CFDA 14.228.000, Community Development Blo	\$0	\$354,317	\$811,225	\$0	\$0
	CFDA 47.041.000, Engineering Grants	\$0	\$66,757	\$113,330	\$0	\$0
	CFDA 47.050.000, Geosciences	\$0	\$62,606	\$271,924	\$0	\$0
	CFDA 47.070.000, Computer and Information	\$0	\$28,755	\$125,572	\$0	\$0
	CFDA 97.044.000, Assistance to Firefighters Grant	\$102,984	\$156,881	\$1,257,430	\$0	\$0
	Subtotal, MOF (Federal Funds)	\$102,984	\$669,316	\$2,579,481	\$0	\$0
TOTAL, METHOD OF FINANCE		\$102,984	\$669,316	\$2,579,481	\$0	\$0
FULL-TIME-EQUIVALENT POSITIONS		0.8	4.4	13.0	0.0	0.0

NO FUNDS WERE PASSED THROUGH TO LOCAL ENTITIES

NO FUNDS WERE PASSED THROUGH TO OTHER STATE AGENCIES OR INSTITUTIONS OF HIGHER EDUCATION

USE OF HOMELAND SECURITY FUNDS

Funds are federal grants for a variety of projects including: firefighter effectiveness, special needs emergency tracking system, spatial & mapping support for emergency operations.

6J – Summary of Behavioral Health Funding

- ▶ Use Excel template.
- ▶ Informational schedule that provides summary and budgetary information for mental health or substance abuse treatment programs.
- ▶ Institutions identified as receiving behavioral health appropriations in Art. IX, Sec. 10.04, are required to complete this schedule as well as any institutions who are requesting behavioral health-related appropriations for the 2022-23 biennium.
- ▶ Institutions should identify expenditures in the 2020-21 base, the 2022-23 baseline request, and exceptional items as either expenditures/requests for mental health services or substance abuse services.

6K – Budgetary Impacts Related to Recently Enacted State Legislation

- ▶ Informational schedule that provides information about agency costs and savings resulting from the implementation of new state legislation enacted by the Eighty-sixth Legislature, 2019.
- ▶ Information reported in this schedule should be consistent with reporting provided to the Comptroller of Public Accounts by September 30th of each year pursuant to Government Code, Sec. 403.0147 (enacted through Senate Bill 1831, 85R)
- ▶ Most institutions will not have any information to submit but consult your system office if you have questions.

6L. Document Production Standards

- ▶ Instructions say: “Report any cost savings or efficiencies achieved from implementing changes to document transmission and production practices.”
- ▶ Only appropriated funds – if you have implemented new practices AND are using appropriated funds, you will need to report here.
- ▶ Most have probably been implementing practices based upon Chapter 2052 of Govt code – *anticipate very few needing to submit this schedule in the LAR.*

Schedule 2: What does it include?

- ▶ Include transfers from the THECB
 - Texas College Work Study, Professional Nursing Shortage Reduction Program, Fifth Year Accounting Scholarship, Texas Grants, B-on-Time Program, Incentive Funding, etc.

- ▶ Include transfers for Group Insurance (UT and TAMU)
 - Report amounts in appropriation bill unless the System Office has reallocated funding in which case the institution should report the revised amount
- ▶ Include AUF transfers (TAMUS, PVAMU, TAMU, UT Austin and UT System)
- ▶ Include transfers for Hazlewood
- ▶ 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
- ▶ Estimate these items for all years through 2023.
- ▶ Example follows.

Schedule 2: Selected Educational, General and Other Funds

10/18/2018 2:19:41PM

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

751 Texas A&M University - Commerce					
	Act 2017	Act 2018	Bud 2019	Est 2020	Est 2021
General Revenue Transfers					
Transfer from Coordinating Board for Texas College Work Study Program (2017, 2018, 2019)	69,703	80,995	79,802	0	0
Transfer from Coordinating Board for Professional Nursing Shortage Reduction Program	159,179	64,940	64,929	0	0
Transfer of GR Group Insurance Premium from Comptroller (UT and TAMU Components only)	6,674,578	6,515,983	6,625,314	0	0
Less: Transfer to Other Institutions	0	0	0	0	0
Less: Transfer to Department of Health, Disproportionate Share - State-Owned Hospitals (2017, 2018, 2019)	0	0	0	0	0
Other (Itemize)					
Texas Veterans Commission	168,978	159,847	164,413	0	0
Transfer from Coordinating Board for Top 10% Scholarships	38,000	24,000	30,000	0	0
Other: Fifth Year Accounting Scholarship	6,000	9,367	8,000	0	0
Texas Grants	5,335,351	5,842,751	6,000,000	0	0
B-on-Time Program	0	0	0	0	0
Texas Research Incentive Program	0	0	0	0	0
Less: Transfer to System Administration	0	0	0	0	0
GME Expansion	0	0	0	0	0
Subtotal, General Revenue Transfers	12,451,789	12,697,883	12,972,458	0	0
General Revenue HEF for Operating Expenses	4,675,386	3,700,271	5,960,000	0	0
Transfer from Available University Funds (UT, A&M and Prairie View A&M Only)	0	0	0	0	0
Other Additions (Itemize)					
Increase Capital Projects - Educational and General Funds	0	0	0	0	0
Transfer from Department of Health, Disproportionate Share - State-owned Hospitals (2017, 2018, 2019)	0	0	0	0	0
Transfers from Other Funds, e.g., Designated funds transferred for educational and general activities (Itemize)	0	0	0	0	0
Other (Itemize)					
Transfer from CPA distribution from the Permanent Fund Supporting Military and Veterans Exemptions	97,561	92,134	94,848	0	0

Schedule 2: Example Continued

Schedule 2: Selected Educational, General and Other Funds

10/18/2018 2:19:41PM

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

751 Texas A&M University - Commerce

	Act 2017	Act 2018	Bud 2019	Est 2020	Est 2021
Gross Designated Tuition (Sec. 54.0513)	30,112,276	29,062,160	27,970,000	27,970,000	27,970,000
Indirect Cost Recovery (Sec. 145.001(d))	318,688	227,218	250,000	250,000	250,000
Correctional Managed Care Contracts	0	0	0	0	0

Schedule 6: Constitutional Capital Funding

- ▶ Schedule should include only activities related to Permanent University Fund (PUF) Bonds, Higher Education Fund (HEF) Bonds and/or HEF allocations
- ▶ Verify that the HEF appropriations agree to the amounts in Education Code Section 62.021.
- ▶ TRBs and TRB debt service are not included in the schedule

Schedule 7: Personnel

- ▶ Provides detail on full-time equivalent (FTE) and headcount positions paid from appropriated funds and other funds

- ▶ Steps to calculate Cap:
 - Add Formula (I&O, Teaching Experience & infrastructure) + Non formula support GR and 770 for 22-23
 - Compare to these same numbers APPROPRIATED for 20-21
 - Take the difference between the two biennium and divide by \$100,000 to get your FTE adjustment
 - This adjustment is added/subtracted from the 4th Qtr average for FY 19 as reported to the SAO

- ▶ General Academics: Every \$100k change in funding, FTE cap adjusted by 1
- ▶ HRIs: Every \$250k change in funding, FTE cap adjusted by 1

- ▶ 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.
 - OOE totals in LAR for Salaries by Faculty and Non-Faculty
 - Internally generated Headcount Report

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: Scott C. Kelley	Date: October 2018	Request Level: Baseline
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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 2020-21 biennium.

Number	Name
2.D.	Summary of Base Request Objective Outcomes
2.E.	Summary of Exceptional Item Request
2.G.	Summary of Total Request Objective Outcomes
3.C.	Rider Appropriations and Unexpended Balances Request
4.A.	Exceptional Item Request Schedule
4.B.	Exceptional Item Strategy Allocation Schedule
4.C.	Exceptional Item Strategy Request Schedule
6.B.	Current Biennium One-time Expenditure Schedule
6.F.	Advisory Committee Supporting Schedule
6.G.	Homeland Security Funding Schedule
6.J.	Summary of Behavioral Health Funding
6.K.	Budgetary Impacts Related to Recently Enacted State Legislation Schedule
6.L.	Document Production Standards
8.	Summary of Requests for Capital Project Financing
Schedule 1A	Other Educational and General Income
Schedule 1B	Health Related Institution Patient Income
Schedule 4	Computation of OASI
Schedule 5	Calculation of Retirement Proportionality and ORP Differential

Last Steps – What Now?

What Next?

- ▶ If offered, attend an ABEST training
- ▶ ABEST Access -(Get Your Access NOW)
- ▶ Go To Legislative Budget Board web site.
<http://www.lbb.state.tx.us/>

Look under AGENCIES PORTAL

Under “LOGON INFORMATION”..

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.

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
(keep in mind review and approval time within your Institution)
- ▶ 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
 - Non-formula 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
- ▶ Remember that if you are confused about something, it's possible that others are too, COMMUNICATE!

