

April 5, 2017

MEMORANDUM

TO: Vice Presidents, Deans, and Department Heads

CC: Budget Managers

FROM: Jaclyn Mahlmann
Budget Director

I would like to update you on our budget development and planning process for FY2018. We received preliminary guidance from Texas A&M System in late November to continue our efforts in keeping the cost of a degree from TAMU-CC affordable while expanding student access. We were advised to continue keeping administrative costs low through improvement of operational efficiencies. Although the legislative session has not yet concluded, the Board of Regents would like to see a budget by mid-June, therefore requiring us to initiate the budget process as soon as possible. Below are some of the factors that will be guiding us through the development of this budget.

System Budget Planning Guidelines:

- Institutions in the A&M System will be required to submit FY2018 Annual Operating Budgets. ***These budgets are due to the system in June.***
- Budget recommendations shall be prepared within the estimated funds available and reserve balances should only be used in special one-time situations or where a definite plan provides justification of a limited use of such balances.
- Recommendations for other operating expenses should be based upon careful estimates of actual needs, taking into account every possibility for savings.

Legislative Update:

Last summer we were instructed to submit the Legislative Appropriations Request with a 4% reduction to the base budget which is based upon 2016-2017 state funding. Additionally, preliminary appropriation bills filed from the House and Senate vary significantly from one another as to funding for our campus and other universities and agencies around the state. Even though our enrollment figures have continued to increase, both bills indicate further reductions to our funding beyond the initial 4%. While we remain hopeful funding will be restored, due to the short turnaround of when session closes and when the budget is due to the system, we must begin making plans in case it is not.

TAMU-CC Budget Development:

The FY2018 phase 1 budget will be due to the Board of Regents in June and should be developed with the following guidelines:

- The Board of Regents has approved a 1.8% increase in tuition and fees. Keep in mind this will only apply to incoming freshman, graduate and nonresident students due to the Guaranteed Tuition Program.
- For FY2018, we will maintain a conservative budget with approximately 307,000 SCH and 12,500 headcount numbers; however, most of any increase received will be offset by increasing exemptions.
- The Hazlewood Legacy Program is an unfunded mandate and statewide exemptions have increased from \$25 million in FY2009 to \$201 million in FY2016. TAMU-CC exemptions relating to this program exceed \$5.4 million and make up approximately 73% of campus exemptions.
- For planning purposes, we are preparing for a potential reduction in state appropriated funding. Each Vice President will receive a target reduction amount.
- System Budget Instructions are expected to be distributed in late-April. These guidelines will contain updated amounts, if any, for insurance and benefits as well as any additional requirements set forth by the System. Changes in information will be communicated at that time.

We will continue to monitor the state of affairs in Austin and communicate updates as needed. The Budget Office will send out the budget timeline as well as instructions and forms to begin the process in the next day or two. If you have any questions please feel free to contact me.