

## Budget Discussion for 2006

### ***Where are we at in the Current Session for our Appropriations?***

Last session we were only provided a 1.7% increase in appropriations with a 19.5% weighted semester credit hour growth. It was a difficult session, and we had to turn to student tuition and fees to fill the gaps and stabilize our continuing growth.

While the current legislative session is still in session and working on budgets, there are many uncertainties still surrounding State Appropriations for 2006-2007. It currently appears that the Senate Finance appropriation committee has recommended a budget that provides for some growth in funding around 3.8%. On the other extreme, the House Appropriation committee has a current recommendation that would reduce our state general revenue funds by 2.2% or \$1.8 million dollars. Unfortunately, we have not been provided enough details in the elements of our funding, making it difficult to analyze the whole picture.

The good news is that all recommendations from the Coordinating Board models show positive growth in operations and infrastructure funding for us. We remain hopeful that when the end nears the dollars allocated align with these trends. There are still many decisions that the legislature must deal with and struggle to resolve, such as School Finance overhaul. They have proposed some legislation that could impact us with additional expenses, but until the bills are passed into legislation and a budget is hammered out in conference committee we wait for the final financial picture.

### ***What is the outlook for our exceptional item requests and new facilities?***

We are still hopeful that the requests for new facilities will be well received due to the current THECB space model showing TAMU-CC short by 200,000 sq. ft., even with new facilities completed this year.

Catching up for last session cutbacks in funding and school finance seems to be the highest priorities this session. Due to this catch up, our exceptional items and TRB requests may not prevail.

### ***What plans and actions can we take?***

Keeping a watchful eye on the process and being accessible to provide the legislature with key facts or information on the potential impacts of legislation will remain a high priority. Our story of growth, excellence and serving the region is a positive one that will continue to be communicated at every opportunity.

Even though nothing official has occurred and there are still 10 weeks left in the regular session, we need to be prepared for a flat budget or the possibility of a

reduced budget. We also need to be prepared to fund significant growth areas, or to cover “unfunded mandates” (for example a state wide salary increase mandate that must be covered within existing allocations). Our student’s tuition bills were increased last year and we have made commitments to do everything possible to not generate increases in designated tuition, if possible.

Therefore in an effort to review and have strategies to deal with the budget impact of flat or even declining state funds, we are requesting that every department submit budget plans for 2006(formats to be provided) under two scenarios:

- Flat budget with no increase in funding, allocations within budget will be allowed or within a division.
- Budget with a 5% decrease based upon 2005 budget

Your plan should contain the following elements:

- Minimize impact on core and mission critical operations
- Be realistic and submit reductions that can be implemented
- Not affect accreditation activities
- Elimination of current positions should be the last resort
- Provide Information on the impact of budget reductions to operations and services

These submissions will be due to your Vice President by April 11, the Vice Presidents will be asked to submit their division plans by April 25 to Budget office. The budget office will compile all information and have package ready for the President by May 9.

***Will our basic philosophy of rewarding employees change, and maintaining current staffing levels?***

The University has sustained through the years funds to reward outstanding employee performance; it will continue to be one of the highest priorities for the University. But until a better financial picture is forthcoming, it is not certain that there will be sufficient funding to be rolled into the 2006 budget for salary increases. There is proposed legislation that would provide a salary increase for state employees, again it is still early in the session and it is not clear that this would apply to Higher Ed employees or would be funded 100% with new funds flowing into our university’s appropriation.

To be successful in our delivery of quality education we will strive to maintain an adequate workforce to accomplish our core mission, but much of our ability to do this will be dependent on sufficient funding levels. We will work to adapt our workforce levels and service levels to the match the funding available. We will

work closely to not make hasty decisions when it pertains to our greatest asset, our faculty and staff.

***When will we know what our final budget allocations for 2006 will be?***

The legislative session usually ends the later part of May and the Governor is presented with bills and legislation to sign in the summer. Things seem to be moving at a fairly rapid pace these last few weeks, but there is always the possibility of a special session that could delay the final outcome. We will be asked by the system offices to complete our budgets for approval by the Board of regents this summer; therefore we will plan with the best information available to us and create budgets by June 2005.

***Could there be a change in plans if the legislature provides more funding?***

Yes, and a possibility of new funds for requests of new personnel, equipment and other needs could happen. Should there be dramatic changes in our current situation, there will be communication and formats for requesting new funds disseminated quickly for action to take place in the summer.

***What other plans are in the works to enhance the annual budget process?***

In an effort to create a better system of aligning University resources with strategic plans the University will be developing more dynamic models for use in the future. There will be an emphasis on Program/Service improvements that many departments have already begun as part of SACs accreditation process. Each Unit or department will be preparing a dynamic document that contains external/internal assessments, objectives/goals, strategies, methods of assessment and assessment results. Many departments have begun this, but those that have not will need to begin collecting and formulating assessment materials. These documents will be required for the 2007 Budget plans. There will be a required format for the unit plans as well as requests for budget allocations. These will be shared later in the year once fully developed.