

Strategic Fiscal Review 2016-17 - Senate
758 - Texas State University System

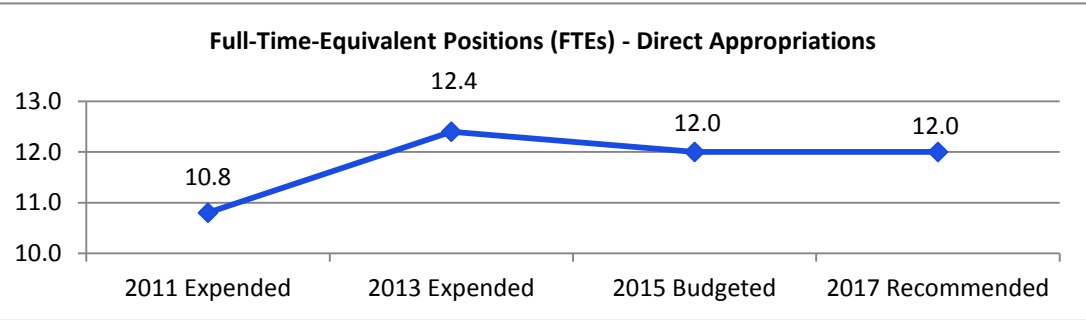
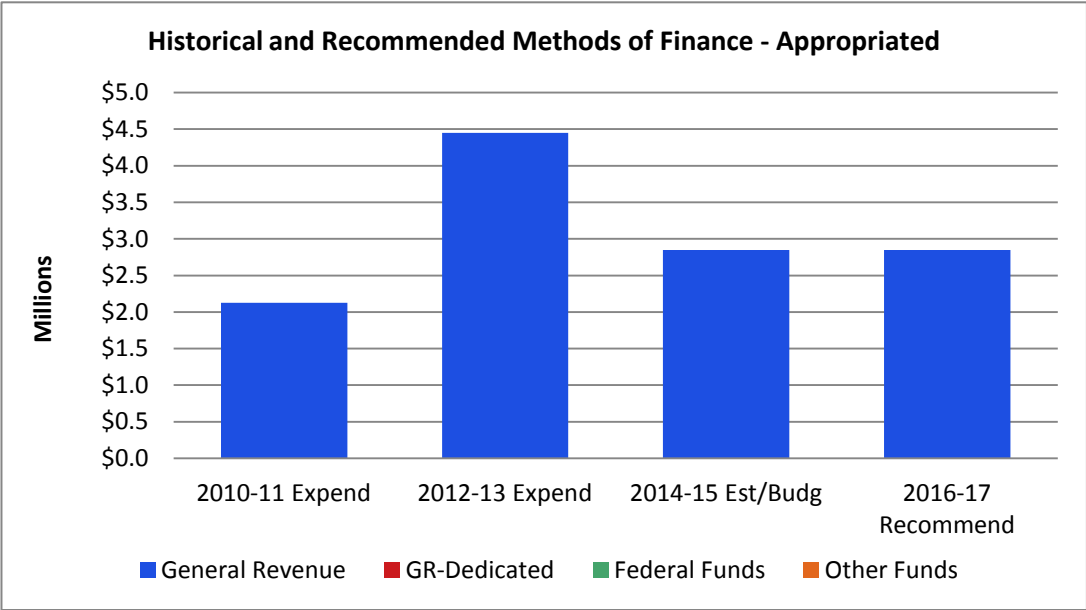
Schedule 1: Agency Overview

Mission Statement: The role of the Texas State University System Office is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 95; Education Code, Sec 51.353

Total Number of Programs: 1

Overview and Significant Findings



■ **Governance.** The Texas State University System (TSUS) is governed by a nine person board of regents appointed by the Governor and confirmed by the Senate. TSUS was established in 1911 and is composed of a system office, four universities (Lamar University, Sam Houston State University, Sul Ross State University, Texas State University), one upper division college (Sul Ross Rio Grande College) and three state colleges (Lamar Institute of Technology, Lamar State College – Orange, Lamar State College – Port Arthur). The system has approximately 80,000 students, an increase of nearly 50 percent since 2000.

■ **Function.** The System Office, located in Austin, Texas supports the component institutions by providing consolidated services in such areas as legal, budget, accounting, insurance, audit, strategic planning, risk management, debt management, academic program planning, construction, governmental relations and communication services.

■ **Funding.** Recommendations for TSUS are \$2.9 million in General Revenue Funds for the 2016-17 biennium. The increase in General Revenue appropriations for the 2012-13 biennium is due primarily to a one-time appropriation of \$1.6 million in Senate Bill 2, Eighty-second Legislature, First Called Session. Additionally, the system estimates receiving an additional \$11.0 million from funds outside the bill pattern, for a total of \$13.9 million in funding for the 2016-17 biennium. TSUS does not receive appropriations from the Available University Fund.

■ **Full-Time Equivalent Positions.** The system has a total of 12 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, TSUS has 12 FTEs that are supported by non-GR transfers from component institutions, for a total of 24 FTEs for 2015.

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Schedule 2A: Program Listing -- Services and Administration

Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	System Office Operations	1911	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No

Notes: • The Texas State University System was established in 1911, however the year 2000 represents the first full year of operations appropriations as reported by the system.

• Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Statutory authority for the Texas State University System is provided by the following:

Education Code, Section 95.06

- (a) The central administration office of the university system shall provide oversight and coordination of the activities of each component institution within the system.
- (b) The board shall appoint an executive officer of the university system and determine the executive officer's term of office, salary, and duties.
- (c) The executive officer shall recommend a plan for the organization of the university system and the appointment of a president for each component institution within the system.
- (d) The executive officer is responsible to the board for the general management and success of the university system, and the board shall cooperate with the executive officer to carry out that responsibility.
- (e) In addition to other powers and duties provided by this code or other law, the central administration office of the system shall recommend necessary policies and rules to the governing board of the system to ensure conformity with all laws and rules and to provide uniformity in data collection and financial reporting procedures.

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Schedule 2B: Program Listing -- Fiscal

Agency Submission					LBB Staff Review and Analysis								
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 Recommended	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
1	System Office Operations	\$ 989,010	\$ 2,124,240	\$ 4,450,000	\$ 2,850,000	12.0	\$ 2,850,000	12.0	0.0%	0.0	No	NA	No
Total			\$ 2,124,240	\$ 4,450,000	\$ 2,850,000	12.0	\$ 2,850,000	12.0	0.0%	0.0			

Notes: Amounts above represent direct General Revenue appropriations made to the Texas State University System. Amounts shown for the 2012-13 biennium include \$1.6 million in one-time General Revenue appropriations for System Office Operations made in Senate Bill 2, Eighty-second Legislature, First Called Session.

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Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		LBB Staff Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of Recommendations
1	System Office Operations	=	Recommendations for 2016-17 for the Texas State University System maintain 2014-15 General Revenue funding levels, which is consistent with recommendations for all university system offices' System Office Operations strategies.

Program Summary Included

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Schedule 3: Assessments of Mission Centrality and Authority

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Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY				
		Weak	Moderate	Strong
AUTHORITY	Strong			System Office Operations (1)
	Moderate			
	Weak			

Note: The matrix does not include Indirect Administration programs.

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Schedule 5: Program Summary - Direct Appropriations

Program: System Office Operations

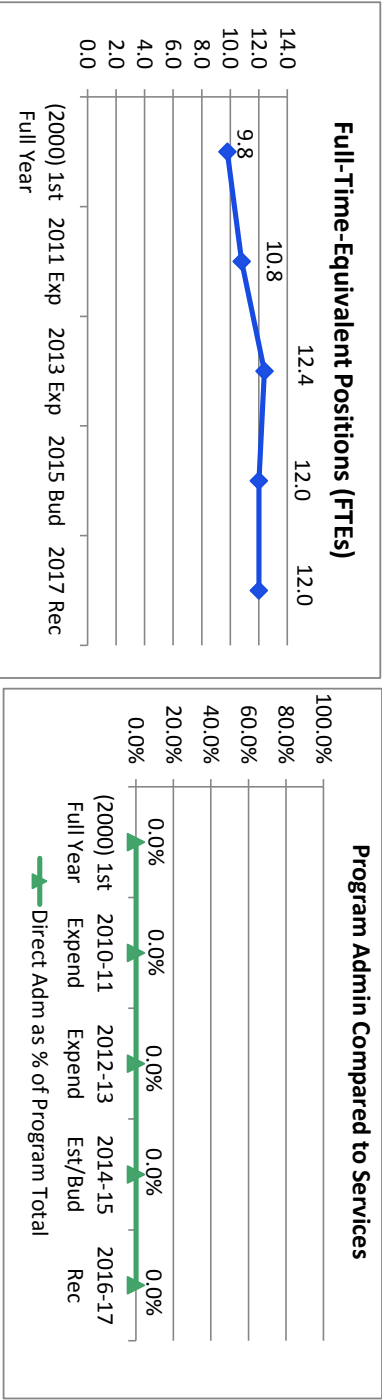
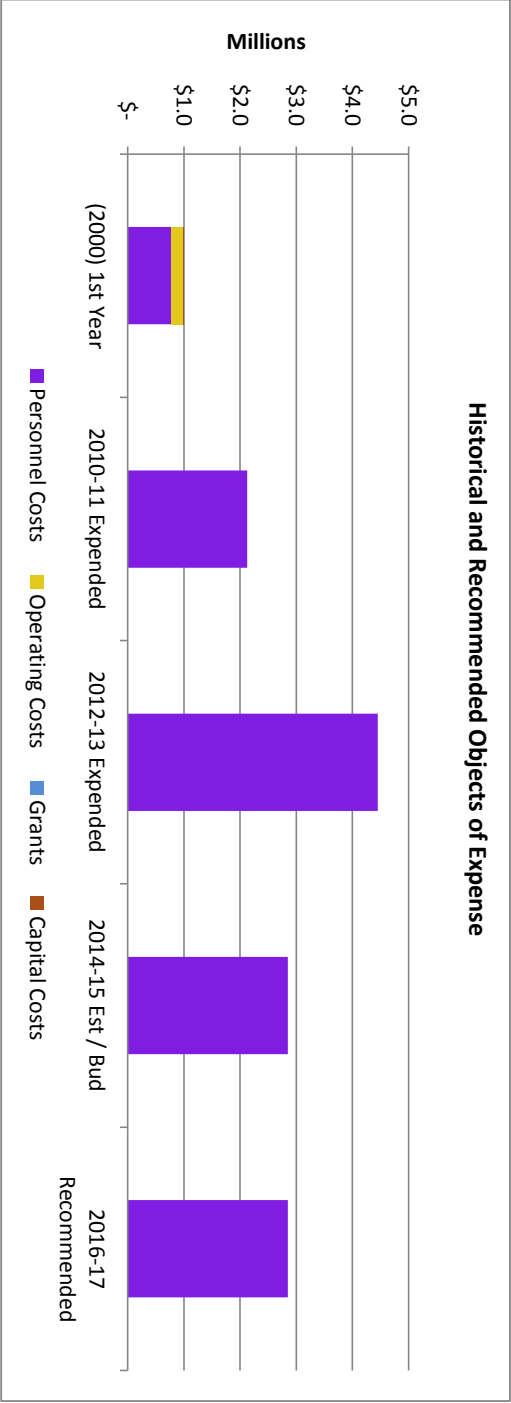
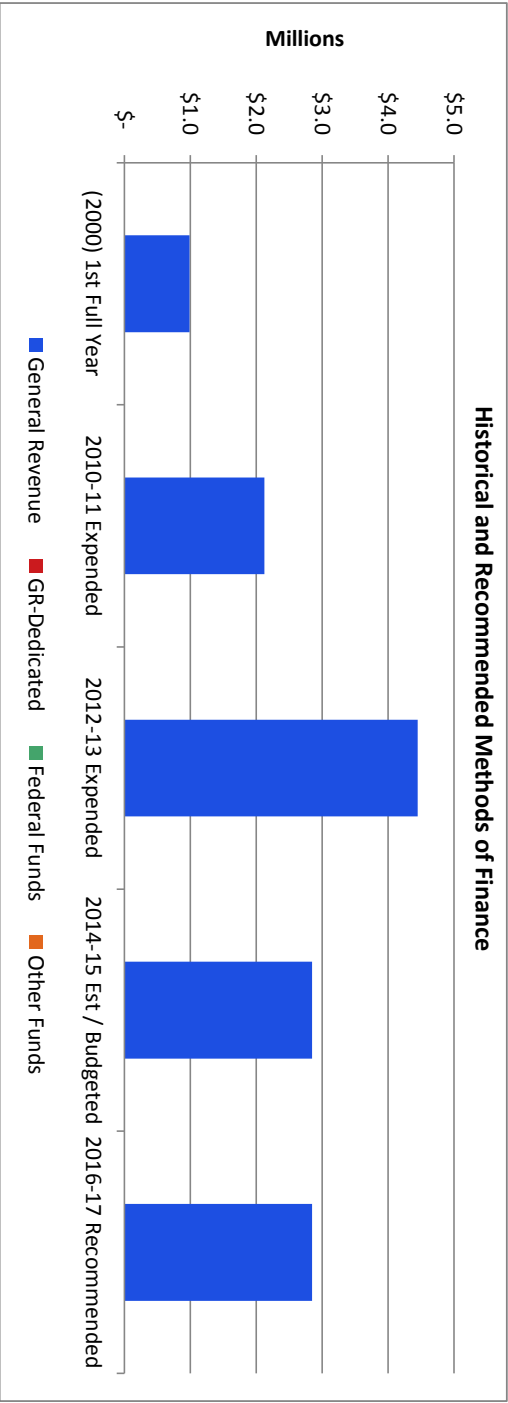
Agency Ranking	1 out of 1
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Funding provides support for the operations of the Texas State University System Office. The system office provides coordination and planning to improve efficiencies for component institutions.

Legal Authority: Education Code, Ch. 95; Education Code, Sec 51.353

Year Created	2000	Performance and/or Operational Issue No	Outsourced Services Revenue Supported	No
Authority	Strong		Use of Dedicated Funds	No
Centrality	Strong			NA
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Audit	\$ 274,942	1.2	\$ 274,942	1.2	9.6%
Legal	\$ 706,270	3.0	\$ 706,270	3.0	24.8%
Business and Financial Services	\$ 599,836	2.5	\$ 599,836	2.5	21.0%
Academic Affairs	\$ 297,918	1.2	\$ 297,918	1.2	10.5%
Governmental Relations	\$ 349,218	1.5	\$ 349,218	1.5	12.3%
Facilities	\$ 357,833	1.5	\$ 357,833	1.5	12.6%
Office of the Chancellor	\$ 263,983	1.1	\$ 263,983	1.1	9.3%
TOTAL	\$ 2,850,000	12.0	\$ 2,850,000	12.0	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. Recommendations for the Texas State University System maintain \$2.9 million in General Revenue appropriations. This recommended funding level is consistent among the four university systems who do not receive an allocation from the Available University Fund.

Recommendations would provide funding for the following system activities and full-time equivalent (FTE) positions within the System Office Operations Program. All six university systems were instructed to use these nine activity categories in their submissions to allow for comparative analysis among the systems.

Activities	2016-17	
	Recommended	FTEs
Board of Regents	\$0	0.0
Audit	\$280,338	1.2
Legal	\$701,672	3.0
Business & Financial	\$602,726	2.5
Academic Affairs	\$295,810	1.2
Governmental Relations	\$345,678	1.5
External Relations & Fund Raising	\$0	0.0
Strategic Initiatives & Planning	\$0	0.0
Facilities	\$354,248	1.5
Office of the Chancellor	\$269,528	1.1
Health Affairs	\$0	0.0
TOTAL	\$2,850,000	12.0

2 Funds Outside the Bill Pattern. The Texas State University System estimates in 2016-17 it will have access to \$11.0 million in funds outside its bill pattern. Of this amount \$10.9 million is estimated to be non-General Revenue Funds transferred from its various component institutions. During the 2014-15 biennium, total funds outside the bill pattern are estimated to support an additional 12.0 FTEs per year for System Office Operations (See Schedule 6).

Recommended Statutory Changes for Program Improvement

1 None.

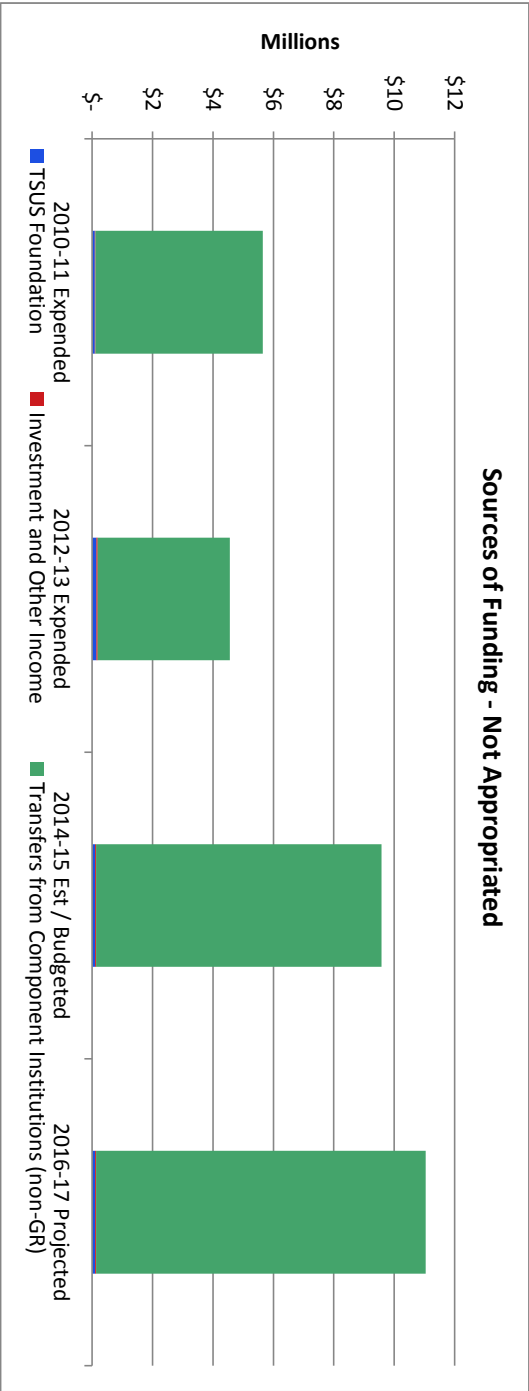
Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Reduce General Revenue by twenty percent. Texas State System did not provide specific funding alternatives for reduced funding. It did note that in the event of an across the board reduction it would likely make assessments of their component institutions' local funds to maintain core services. The system reported that a twenty percent reduction in General Revenue appropriations would likely result in the loss of two full-time equivalent positions.	\$	(570,000)	\$ (570,000) (2.0)
2 Increase General Revenue appropriations by an additional \$2.2 million each year to partially reduce reliance on local funds transfers from component institutions to pay salary costs for system office personnel. According to Texas State System, this increase would allow institutions to retain local funds and provide salaries for 13.0 FTEs at the system office.	\$	4,350,000	\$ 4,350,000 13.0

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Schedule 6: Funds Outside the Bill Pattern

The Texas State University System receives indirect appropriated funds for benefits as well as non-appropriated funds. Tables below represent only non-appropriated funds the system receives.

Source of Funding	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTEs Budgeted	2016-17 Projected	2017 FTEs Projected
TSUS Foundation	\$ 87,200	\$ 145,133	\$ 102,800	0.0	\$ 102,800	0.0
Investment and Other Income	\$ 17,440	\$ 38,862	\$ 26,741	0.0	\$ 32,000	0.0
Transfers from Component Institutions (non-GR)	\$ 5,545,702	\$ 4,372,044	\$ 9,446,659	12.0	\$ 10,906,654	12.0
Total	\$ 5,650,343	\$ 4,556,039	\$ 9,576,200	12.0	\$ 11,041,454	12.0



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 6,502,853	\$ 5,556,346	\$ 10,430,642	\$ 11,144,254
Total	\$ 6,502,853	\$ 5,556,346	\$ 10,430,642	\$ 11,144,254

