

August 16, 2018

**NOTICE OF CALLED MEETING OF THE
BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT**

The **Called Meeting** of the Board of Regents of the Del Mar College District will convene at **5:30 p.m., Monday, August 20, 2018**, in the Isensee Board Room, Harvin Student Center, Del Mar College East Campus, Baldwin and Ayers, Corpus Christi, Texas.

AGENDA

CALL TO ORDER

QUORUM CALL

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

DMC MISSION STATEMENT: *Del Mar College provides access to quality education, workforce preparation and lifelong learning for student and community success.*

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

1. Public hearing on College budget for Fiscal Year 2018-2019 Mr. Raul Garcia
(*Goal 7. Resources: Ensure Strong Financial and Operational Capacity*)
2. Discussion and possible action related to public hearing comments Mr. Raul Garcia
(*Goal 5. Advocacy: Advance the College Mission through Effective Governance and Positioning*)

GENERAL PUBLIC COMMENTS (Non-Agenda Items) – 3-minute time limit

- Specific Public Comments will be allowed on agenda items prior to action by the Board.
- General Public Comments may be moved on the agenda at the discretion of the Board Chair and as an accommodation to those in attendance.
- Pursuant to the Texas Open Meetings Act, the College is limited in responding to public comments or inquiries as follows:
 1. Provide a statement of specific factual information in response to an inquiry.
 2. Recite existing policy in response to an inquiry.
 3. Propose placing the subject of the inquiry on the agenda for a subsequent meeting.

(Tex. Govt. Code Section 551.042)

CALENDAR: Discussion and possible action related to calendaring dates.

ADJOURNMENT

PUBLIC NOTICE is given that the Board may elect to go into executive session at any time during the meeting in order to discuss matters listed on the agenda, when authorized by the provisions of the Open Meetings Act, Chapter 551 of the Texas Government Code.

REGULAR AGENDA

Item 1

Del Mar College Public Hearing 2019 Proposed Budget & Tax Rates

August 20, 2018

**Raul Garcia, CPA, Vice President and Chief Financial Officer
Dr. Cathy West, Director of Accounting and Budget Officer
John Johnson, Comptroller**



AGENDA

- Budget Timeline & Process
- Strategic Initiatives Review
- Proposed Budget Assumptions
- Proposed Revenues
- Proposed Expenditures
- Proposed Salary and Benefits Increases
- Proposed Non- Salary Expenditures
- Proposed Maintenance and Operations
Budget and Tax Rate
- Proposed Debt Service Budget and
Tax Rate
- Attachments: Comparative Budget
Statement 2019



Budget Timeline & Process

Financial Resources Assessment	Governance (Budget Proposals and Reviews)
January	March – April
Enrollment Projections	Budget Committee Meeting (Kickoff meeting)
Tuition Rates	Budget Training for Budget Managers
Property Tax Rates (based on forecast)	First Budget Proposals
State Appropriations	April – May
Target Setting / Strategic initiatives	First review of the Budgets by Deans/Directors, VP/Executive Directors and Board of Regents.
February	Present Preliminary Budget to the Board of Regents
Salaries & Positions	Initial Budget Proposals are revised
New Initiatives	Executive Team Review of Budget Proposal Revisions
Equipment/Construction/Maintenance needs New initiatives	June
Board of Regents Presentation & Update	Board of Regents update on Budget Revisions

Budget Timeline Continued

July
Board of Regents update on Budget Revisions
College Receives Information from Appraisal District
Optional Called Board of Regents Meeting on Budget
August
Order for Public Hearing on Budget/Tax Rate
Public Hearing on Budget/Tax Rate
Public Hearing on Tax Rate
Final Board Meeting to Approve 2019 Budget and Tax Rate

Strategic Initiatives Review

Allocate Resources According to the Strategic Plan

-
- **Develop Campus Police Department –**
Goal 2 - Student Access and Support Services
 - **Wage Increases to Recruit and Retain Exceptional Faculty and Staff**
Goal 3 - Professional Initiatives
 - **Personnel Needs Due to Enrollment Growth as Appropriate**
Goal 1 – Student Learning Success
Goal 3 – Professional Initiatives
 - **Support New & Current Program Growth**
Goal 1 – Student Learning Success
 - **Engage Enterprise Resource Program Development (ERP)**
Goal 4 - Technology
 - **Enhance Maintenance & Operations to Meet Identified Needs**
Goal 7 - Resources

Proposed Budget Assumptions

- **Enrollment Growth Projections – Target is 0 - 2%**
 - Will Adjust During Summer as Appropriate
 - 1% Increase in Enrollment = \$205,000

- **Tuition & Fees Assumptions**
 - Board Approved \$3 per Semester Hour Increase
 - New Legislation Provides Funding for Continuing Education Students Age 16 or Over
 - Enhanced Pell Grants for Summer 2018
 - Tuition Discounts, Exemptions & Waivers to Academic Credit Courses at 18.5%

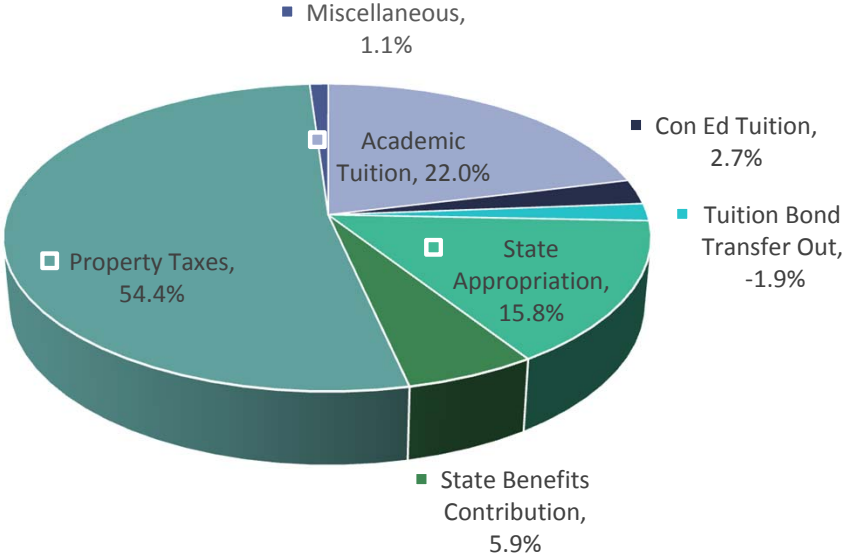
- **Tax Assumptions**
 - **4.4%** Growth in Property Valuations – Revised from Original Assumption **of 3%**
 - Maintenance and Operations Tax Rate: 0.209693/100

Proposed Revenues

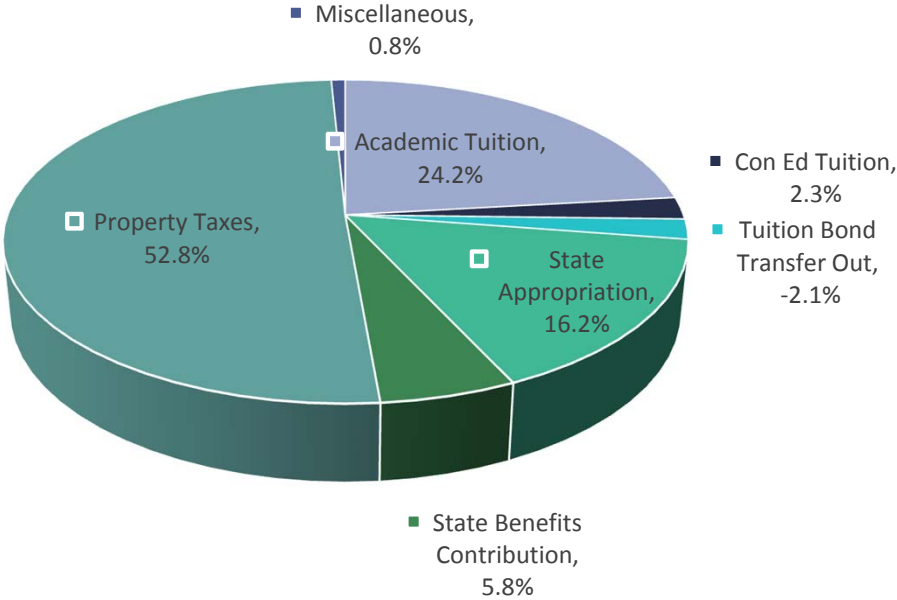
	Proposed Budget FY 2018-2019	Budget FY 2017-2018	Projected Actuals FY 2017-2018	Increase/(Decrease) Budget FY 18 - FY 19	% Change
State Appropriations	\$15,867,733	\$15,867,733	\$15,867,733	-	0%
State Employee Benefits (Health)	4,407,701	4,215,909	4,215,909	191,792	5%
State TRS/ORP	1,564,963	1,437,517	1,437,517	127,446	9%
Property Taxes – (Based on 4.4% Growth in Valuation)	54,657,608	51,459,964	51,383,660	3,197,644	6%
Student Charges (Tuition/Fees) Projected 0-2% Growth in Enrollment (1% Growth in Enrollment = \$205,000)	24,805,383	25,802,292	24,124,932	(996,909) at 0%	-4%
Miscellaneous	1,085,713	779,200	1,283,907	306,513	39%
Revenue Bond Transfers Out	(1,950,600)	(2,015,000)	(2,015,000)	64,400	-3%
Total Projected Revenues	\$100,438,501	\$97,547,615	\$96,298,658	\$2,890,886	3%

Operating Budget Revenue by Source

FY 2018-2019
\$ 100,438,501



FY 2017-2018
\$ 97,547,615



Proposed Expenditure

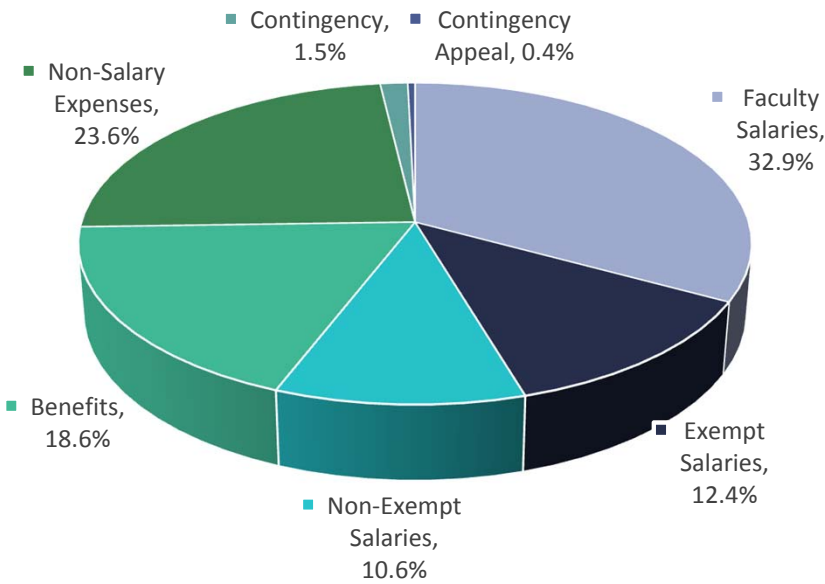
	Proposed Budget FY 2018-2019	Budget FY 2017-2018	Projected Actual FY18	Increase/(Decrease) Budget FY 18 - FY 19	%Change
Salaries	\$56,224,932	\$54,319,912	\$53,316,322	\$1,905,020	4%
Benefits	18,650,355	18,205,960	18,003,469	444,395	2%
Non-Salary Expenditures	23,656,636	22,958,529	20,409,827	698,107	3%
Contingency	1,506,578	1,463,214	-	43,364	3%
Contingency - Appeal	400,000	600,000	-	(200,000)	-33%
Total Budget	\$100,438,501	\$97,547,615	\$91,729,618	\$2,890,886	3%

GASB Contingencies – Reserves as a Book Entry for FY 2018 & 2019

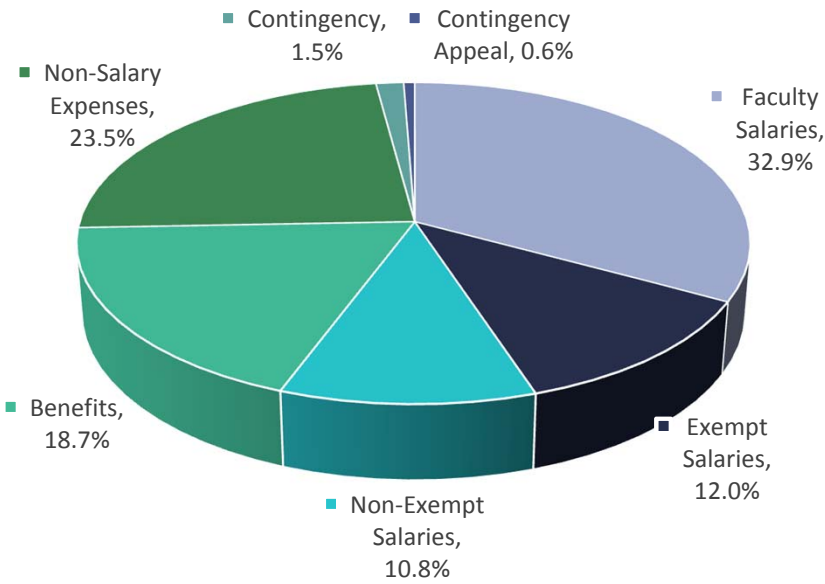
- GASB 68 – Pensions – FY 2017 - \$682K – Receive in August
- GASB 75 – Post Employment Benefits Other Than Pensions (OPEBs) – FY 2018 – New and Receive in August

Operating Budget Expenditures

FY 2018-2019
\$ 100,438,501



FY 2017-2018
\$ 97,547,615



Salaries and Benefits Highlights

Source	Proposed Budget FY 19	Budget FY 18	Projected Actual FY18	Increase Budget FY 18 – FY 19	% Change
Faculty	\$ 33,017,884	\$ 32,104,277	\$ 31,602,694	\$ 913,607	3%
Exempt Employees	12,603,270	11,699,526	11,818,644	903,744	8%
Non-Ex Employees	10,603,778	10,516,109	9,894,984	87,669	1%
Total Salaries	56,224,932	\$ 54,319,912	\$ 53,316,322	\$ 1,905,020	4%
Benefits	18,650,355	18,205,960	18,003,469	444,395	2%
Total Salaries and Benefits	\$ 74,875,287	\$ 72,525,872	\$ 71,319,791	\$ 2,349,415	3%

Proposed Salary Increases

□ Proposed Increase in Salaries Including Benefits

Faculty:

Increase to Base	\$ 307,000 – FT and Term Faculty at \$1,000
Experience Pay	230,000 – for 277 FT Faculty at \$829 each
Approved Promotions in Rank	100,000
Impact on Summer Pay	92,000
Benefits	<u>145,600</u>
	\$ 874,600

Non-Faculty:

Exempt – 155 Individuals	\$ 230,000 – 2% Raise
Non-Exempt – 182 Individuals	132,000 – 2% Raise
Benefits	<u>72,000</u>
	\$ 434,000

Total \$ 1,308,600

Proposed Non-Salary Expenditures

	Proposed Budget FY 2019	Budget FY 2018	Inc/(Dec)	Percent Change
Contract Instruction	\$ 145,600	\$ 329,370	\$(183,770)	-56%
Supplies, Postage, Duplication, Copier Rental	3,066,287	2,874,354	191,933	7%
Physical Facilities Maintenance and Repairs	1,792,919	1,600,868	192,051	12%
Equipment	1,776,180	1,588,161	188,019	12%
Advertising	1,030,620	1,170,583	(139,963)	-12%
Audit and Legal, Tax Appraisal, Collections Fees	1,426,122	1,351,033	75,089	6%
Consultants and Contract Labor	3,028,634	3,228,853	(200,219)	-6%
Accreditation	47,436	58,218	(10,782)	-19%
Special Population Interpreter	111,397	161,397	(50,000)	-31%
Computer Software, Hardware, License Services	2,316,997	2,246,736	70,261	3%
Travel and Professional Development	772,222	761,299	10,923	1%
Election	170,000	0	170,000	100%+
Security	955,800	955,400	400	0%
Recruitment	32,000	35,000	(3,000)	-9%
Food Beverage	92,733	83,200	9,533	11%

Proposed Non-Salary Expenditures - Continued

	Proposed Budget FY 2019	Budget FY 2018	Inc./ (Dec)	Percent Change
Library	\$ 212,588	208,101	4,487	2%
Bad Debt	220,000	220,000	-	0%
Membership and Dues	174,528	166,891	7,637	5%
Utilities and Telephone	3,194,113	3,190,635	3,478	0%
Insurance	1,420,000	1,196,000	224,000	19%
Bank and Collection Fees	278,800	238,800	40,000	17%
Campus Police	558,000	325,000	233,000	72%
Miscellaneous	833,660	968,630	(134,970)	-14%
TOTAL NON-SALARY EXPENDITURES	\$23,656,636	\$22,958,529	\$ 698,107	3%

Proposed Maintenance & Operations Budget and Tax Rates

Proposed Budget	\$54,657,608
Proposed Tax Rate	0.209693/\$100
Effective Tax Rate	0.198909

Fiscal Year	M&O Tax Rate
2018-19	0.209693/\$100
2017-18	0.205700/\$100
2016-17	0.194718/\$100
2015-16	0.210549/\$100

Proposed Debt Service Budget and Tax Rates

Debt Service Obligation	\$18,565,219
Debt Service Tax Rate	0.072192/\$100

Fiscal Year	Debt Service Rate
2018-19	0.072192/\$100
2017-18	0.053463/\$100
2016-17	0.051441/\$100
2015-16	0.037524/\$100

Proposed Combined Tax Rate

M&O Tax Rate	0.209693/\$100
Debt Service Tax Rate	0.072192/\$100
Combined Tax Rate	0.281885/\$100

Fiscal Year	Combined Tax Rate
2018-19	0.281885/\$100
2017-18	0.259163/\$100
2016-17	0.246159/\$100
2015-16	0.248073/\$100

Questions

Thank You



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**DEL MAR COLLEGE
COMPARATIVE BUDGET STATEMENT
CURRENT OPERATING FUNDS
FOR FISCAL YEARS ENDED 2019/2018**

	PROPOSED BUDGET FY 2019	BUDGET FY 2018	Inc/(Dec)	Percent Change
REVENUES				
STATE FUNDING				
BASE APPROPRIATION	\$15,867,733	\$15,867,733	-	0%
INSURANCE CONTRIBUTION	4,407,701	4,215,909	191,792	5%
RETIREMENT CONTRIBUTION	1,564,963	1,437,517	127,446	9%
TUITION & FEES	24,805,383	25,802,292	(996,909)	-4%
REVENUE BOND TRANSFERS OUT	(1,950,600)	(2,015,000)	64,400	-3%
PROPERTY TAXES	54,657,608	51,459,964	3,197,644	6%
MISCELLANEOUS	1,085,713	779,200	306,513	39%
TOTAL REVENUES	\$100,438,501	\$97,547,615	\$2,890,886	3%
EXPENDITURES				
FACULTY SALARIES	\$33,017,884	\$32,104,277	\$ 913,607	3%
EXEMPT SALARIES	12,603,270	11,699,526	903,744	8%
NON-EXEMPT SALARIES	10,603,778	10,516,109	87,669	1%
BENEFITS	18,650,355	18,205,960	444,395	2%
TOTAL SALARIES & BENEFITS	\$74,875,287	\$72,525,872	\$ 2,349,415	3%
CONTRACT INSTRUCTION	\$145,600	\$329,370	\$ (183,770)	-56%
SUPPLIES, POSTAGE, DUPL, COPIER RENTAL	3,066,287	2,874,354	191,933	7%
PHYSICAL FACILITIES MAIN & REPAIRS	1,792,919	1,600,868	192,051	12%
EQUIPMENT	1,776,180	1,588,161	188,019	12%
ADVERTISING	1,030,620	1,170,583	(139,963)	-12%
AUDIT & LEGAL, TAX APPRASIAL, COLL FEES	1,426,122	1,351,033	75,089	6%
CONSULTANTS & CONTRACT LABOR	3,028,634	3,228,853	(200,219)	-6%
ACCREDITATION	47,436	58,218	(10,782)	-19%
SPECIAL POP INTERPRETOR	111,397	161,397	(50,000)	-31%
COMP SOFTWARE, HARDWARE, LICENSE & SERV	2,316,997	2,246,736	70,261	3%
TRAVEL & PROFESSIONAL DEVELOPMENT	772,222	761,299	10,923	1%
ELECTION	170,000	-	170,000	
SECURITY	955,800	955,400	400	0%
RECRUITMENT	32,000	35,000	(3,000)	-9%
FOOD BEVERAGE	92,733	83,200	9,533	11%
LIBRARY	212,588	208,101	4,487	2%
BAD DEBT	220,000	220,000	-	0%
MEMBERSHIP & DUES	174,528	166,891	7,637	5%
UTILITIES & TELEPHONE	3,194,113	3,190,635	3,478	0%
INSURANCE	1,420,000	1,196,000	224,000	19%
BANK & COLLECTION FEES	278,800	238,800	40,000	17%
CAMPUS POLICE	558,000	325,000	233,000	72%
MISCELLANEOUS	833,660	968,630	(134,970)	-14%
TOTAL NON-SALARY	\$23,656,636	\$22,958,529	\$698,107	3%
CONTINGENCY	\$1,506,578	\$1,463,214	\$43,364	3%
CONTINGENCY - PROPERTY TAX	400,000	600,000	(200,000)	-33%
TOTAL CONTINGENCY	\$1,906,578	\$2,063,214	(\$156,636)	-8%
TOTAL EXPENDITURES	\$100,438,501	\$97,547,615	\$2,890,886	3%