

STATE OF TEXAS
COUNTIES OF GREGG, RUSK, UPSHUR AND SMITH
KILGORE JUNIOR COLLEGE DISTRICT

The Kilgore Junior College District Board of Trustees met for a budget workshop at 6:30 pm, Monday, July 28, 2014 in the Stewart McLaurin Administration Building, 2nd floor, with the following members present:

G. Scott Andrews
Joe Carrington
C.B. Scooter Griffin
Charles Hale, President
Brian Nutt
Will Roberson, Secretary
James N. Walker, Vice President
Larry Woodfin

Members absent: Bob Heath

Section I. on the Agenda was Discussion of Proposed Budget for Fiscal Year 2015

- Charles Hale called the meeting to order and turned the meeting over to Dr. Holda.
- Dr. Holda discussed an executive summary/budget overview (attached).
- Duane McNaney went into greater detail on the budget. Mr. McNaney and the Board discussed the presented budget of \$58,996,425.
- Board members discussed various revenues, expenditures, trends, tax base, programs, offering courses in locations related to greater population, the future of various programs, including athletics and other auxiliary operations. The proposed fiscal year 2015 salary structure incorporated into the budget was also presented. There were no changes requested to the budget presented.
- Scooter Griffin left the meeting at 8:00pm
- Dr. Holda requested that in the two-week period between the budget workshop and the August 11 meeting that Board members review the materials and contact administration if they had questions, concerns or suggestions.

Section II. on the Agenda was Executive Session

The Board did not convene into Executive Session.

Kilgore College Board Budget Workshop, July 28, 2014
Big Picture/Budget Overview

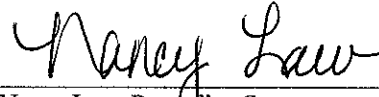
1. ***FY14 budget (revised) to FY15 budget:*** \$55.5 million to \$59.0 million – increase of 4.87%. Most significant change: booking the state portion (instead of just the local portion) of benefits in revenue and expenditures.
2. ***FY15 budget without restricted funds:*** (true operating budget) goes from \$40.0 to \$43.3 million, increase of 8.35%. We have increased our operating budget by \$3,336,988 of which \$2,612,771 is supported by State on behalf payments that were not included in the FY14 budget.
3. ***FY15 restricted funds:*** projected to decrease from \$16.2 million to \$15.2 million, a decrease of 6.26% - restricted funds not actually budgeted until firm – expect increase during fiscal year as awards become final.
4. ***Revenue changes:***
 - a. *State contact hour reimbursement* is the same as last year; we are in year two of the biennium, working off of the budget set in 2013 by the legislature.
 - b. We are estimating *tuition and fees* at 117,500 credit hours (down 2,500 credit hours from last year) amounting to a reduction of about \$265,000).
 - c. *Federal Programs* are budgeted so expenditures match revenues. Pell funds are projected at \$500,000 less for FY15.
5. ***Increase in tax value:*** overall base up almost \$47 million or increase of 1.17%. As of July 23rd we had not received the certified amounts from Smith Appraisal District. As soon as we have certified amounts from all four counties, Kirk Shields, Gregg County Tax Assessor, will calculate the effective and roll back rates.
6. ***Changes in salaries/employment base:*** Salaries/wages has a net increase of 2.16% for Faculty, 2.17% for Staff, and 2.15% for Upper Administrators. This is a COLA increase of about 1.5% for all employees, with the addition of longevity pay for years of service and keeping in line with the current system. After the net change from all budgeted wage categories (including raises, position additions, position reductions, part-time, adjunct faculty, student assistance, overloads, etc.) the total amount of budgeted salaries increased \$31,442.
7. ***Wildcards*** moving forward:
 - a. *Benefits:* The level of State support continues to be somewhat uncertain as enrollment fluctuates and retirements increase, although the cost share has been defined as 50/50. As premiums increase we will have to make up our share locally. We are having to critically assess alternatives to the addition of full-time staff and seeking legislative relief to allow us to pass on some of the benefit costs to our employees.

- b. KC budget has reduced the contingency line item and eliminated the human resource line item, so if budgetary shortfalls occur, budgetary heads will have to work with leadership to identify funding or reductions from other accounts.
 - c. We have changed some of our revenue assumptions such as basing total semester credit hours at 117,500 rather than 120,000, basing our out-of-district student percentage at 70% rather than 67%, increasing our tax revenue collection rate from 96.5% to 97.5%, and trying to account for out-of-state tuition.
8. **Capital projects:** list to be discussed later; will come from plant reserves.
9. **Summary:**
- a. Budget total revenue increases by \$2,737,528, of which \$2,612,771 is the state portion of benefits and retirement for employees and retirees.
 - b. Not all of the increase listed in the tuition and fees comes from the rise in rates; instead, some of it comes from allocating a larger percentage of out-of-district to match actual enrollment and from incorporating a more accurate allocation of out-of-state tuition.
 - c. Most departments will show a rather skewed increase in budget, due to the incorporation of the state portion of benefits.

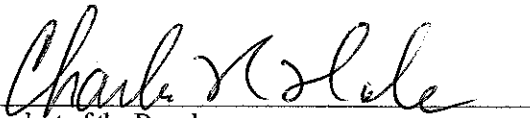
Section III. on the Agenda was Adjournment

Charles Hale adjourned the meeting at 8:40pm.

Respectfully submitted,



Nancy Law, Recording Secretary
Kilgore College Board of Trustees



President of the Board



Secretary of the Board