

Subject: Budget Model Redesign Task Force and Workgroups



Dear Colleagues:

This year we will celebrate our university's 125th anniversary. This milestone offers a unique opportunity to revisit and modernize the fiscal foundation upon which TXST can thrive for the next 125 years.

In January 2023, we launched *Hopes & Aspirations High*, our ambitious vision for TXST's future, which identified five bold strategic imperatives — elevate student success, Run to R1, increase enrollment, grow the Round Rock Campus, and be an employer of choice. We have made tremendous progress positioning ourselves to achieve this vision in a relatively short time frame, but like other universities, TXST is facing stiff headwinds that could slow our progress if left unaddressed.

- The U.S. is approaching a decline in the traditional, college-aged population. The number of public high-school graduates in the U.S. is expected to peak at 3.4-3.5 million between 2025 and 2026 and then

steadily decline to 3.2-3.3 million in 2030.

- Federal and state financial support for higher education has declined as a percentage of our total budget and nearly 75% of our operating revenue comes from tuition and fees today.
- More than ever before, students are relying heavily on financial aid and other support, making it more difficult than ever to raise tuition and fees.
- An increasing number of people are questioning the value of a college degree versus entering the workforce right after high school despite solid evidence that a college degree remains the best investment one can make.

Overcoming these challenges and sustaining our momentum towards achieving our *Hopes & Aspirations High* requires us to be creative and proactive, yet thoughtful and strategic, in how we approach financial decisions. Over the last year, we have been exploring the benefits of a move toward a Resource Center Management (RCM) budget model, and we are now ready to embark on redesigning our budget model using RCM budget principles.

With this in mind, I am convening a Budget Model Redesign Task Force, co-chaired by Ms. Cristine Black, Associate Vice President for Budget and Planning, and Dr. Beth Wuest, Associate Vice President for Institutional Effectiveness, along with three focused workgroups, to lead these efforts. I highly value your expertise, and I firmly believe that you can provide meaningful contributions to this strategic initiative. (See the attached document for the memberships of each.)

The **overarching purpose of the task force and workgroups** is to help design a budget system that aligns resources with needs, enhances strategic decision making, improves financial transparency and agility, and promotes financial responsibility at the unit level.

Guiding Principles

As outlined as part of our *Hopes & Aspirations High*, remember these guiding principles:

- **Inclusive and Collaborative** – Seek out and listen to as many voices across the university as possible to inform your recommendations. Engage with stakeholders to gather input and feedback on the current budget model and potential changes.

- **Strategic Planning** – A strong budget model must simultaneously support the strategic planning efforts of the university and leave room for unanticipated challenges and opportunities. Our new model should align with our strategic imperatives and be designed in a way that supports our most pressing priorities.
- **Bold and Transformative** – As we find ourselves in a time of change, we must boldly pursue new opportunities. Avoid the temptation of saying “we have always done it this way.” Henry Ford once said: “If you always do what you’ve always done, you’ll always get what you’ve always got.”
- **Phased and Incremental** – Full implementation of the new model is expected to take three to five years. We need time to engage in robust discussions with our community, to make informed decisions, to build out the model, to run parallel analysis, to initiate implementation, and to make revisions as we utilize the model.
- **Transparent and Candid** – One impetus for the Budget Model Redesign is to increase transparency around the budget and accountability across the university. Communication is key to this initiative, and regular updates must be provided to keep the university community apprised of the progress. We will need your help. Please talk openly with the constituents whom you represent, seek their feedback, and share with them project updates.
- **Data Driven and Evidence Based** – We will be engaging with Education Advisory Board (EAB) to assist us with understanding best practices across the nation and help inform the university as it makes the many decisions necessary to implement a new budget model. They will serve in an advisory capacity, as we develop the model that works most effectively for TXST.
- **We must do More in Some Areas and Less in Others** – Part of the initial decisions will revolve around our goals for an RCM budget model. The model can help illuminate opportunities to reduce redundancies, duplications, and outdated programs and services in order to reallocate funds to support the achievement of our strategic imperatives.

Budget Model Redesign Task Force

The Budget Model Redesign Task Force will play a pivotal role in shaping the future budget model. Specifically, your responsibilities will include:

Reimagining our Budget Philosophy: Collaborate with other team members to align resource allocation with our university's strategic direction.

- **Emphasizing our Guiding Principles:** Recommend a budget model structure, including revenue and cost allocation methodologies, while preserving mission-critical activities and creating more robust financial accountability that aligns unit-level operational responsibility with institution-wide financial imperatives.
- **Weighing Centralization:** Contribute to the development of a framework that allows enough central funds and reserves to allow the university to tackle big challenges and make bold strategic investments that would not be possible at the individual unit level.
- **Holding Routine Meetings:** Regular meetings are essential to discuss progress, share insights, and make informed decisions. Your active participation will be crucial to the success of this initiative.

Workgroups

The three workgroups – Academic Affairs, Administrative, and Technical – will be asked to dig into specific aspects of the RCM project. Each workgroup will be led by a member of the Budget Model Redesign Task Force and will tackle issues such as financial modeling, data governance, assessment, and technical and logistical implementation, and will provide advice and feedback to the Budget Model Redesign Task Force.

Budget model redesign will take time and effort to develop, implement, assess, and revise. We anticipate two meetings per month at the beginning and during the summer, with a tapering off to one meeting per month in the fall.

Ms. Black and Dr. Wuest will reach out to you shortly to schedule our first meeting where I will share more about your role and my expectations, where we will review a timeline for the project, and where you will have the opportunity to ask questions. To keep the momentum around this endeavor going, this meeting will occur before the end of April.

Thank you for your commitment to advancing our institution's financial sustainability. We look forward to your valuable contributions.

Sincerely,

Kelly Damphousse, Ph.D.
President