

2021 Business Plan and Budget

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2021 Statutory Budget & Assessment Overview

- **Total 2021 budget \$14,211,538**
 - 2.8% increase from 2020
- **Total 2021 Assessment \$13,344,128**
 - Virtually the same as 2020
 - Approximately \$619,000 applied from assessment stabilization to reduce assessment
 - \$169,195 Penalties applied to reduce assessment
- **63 Total FTEs**
 - Increase of 3 FTEs from 2020
- **All statutory activity in the 2021 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.**
- **Statutory funds are not used for State (Non-Statutory) activities.**

2021 Budget Development Process

- **April 15** **Board of Directors Conference Call to Review Budget**
- **April 21** **MRC Conference Call to Review Budget**
 - » The MRC voted to recommend that the Texas RE Board approve the proposed 2021 Business Plan and Budget.
- **April 2 – May 4** **2021 Business Plan and Budget posted for member comments**
 - » There were no comments submitted from the members
- **May 27** **Texas RE Board of Directors vote to approve the 2021 Business Plan and Budget**

2021 Budget Drivers and Assumptions

- Increasing the FTE count from 60 to 63
- The average available salary adjustment is 3.0%
- Health plan expense is projected to increase 14%
- The lease for Texas RE office space was extended beginning October 2020, causing an escalation in rent and utilities for 2021
- Most categories are remaining consistent with 2020

2021 Budget by Category

Personnel \$10,944,474 -- 1.9% increase over 2020

- The average available salary adjustment is 3.0%.
- Total Benefits expense is *decreasing* 5.9%. Health plan expense did not increase as projected in 2020; however, health plan expense is projected to increase 14% for 2021 over actual 2020 cost, which is lower than the 2020 budgeted cost.

Meeting and Travel Expense \$407,085 -- 3.2% increase over 2020

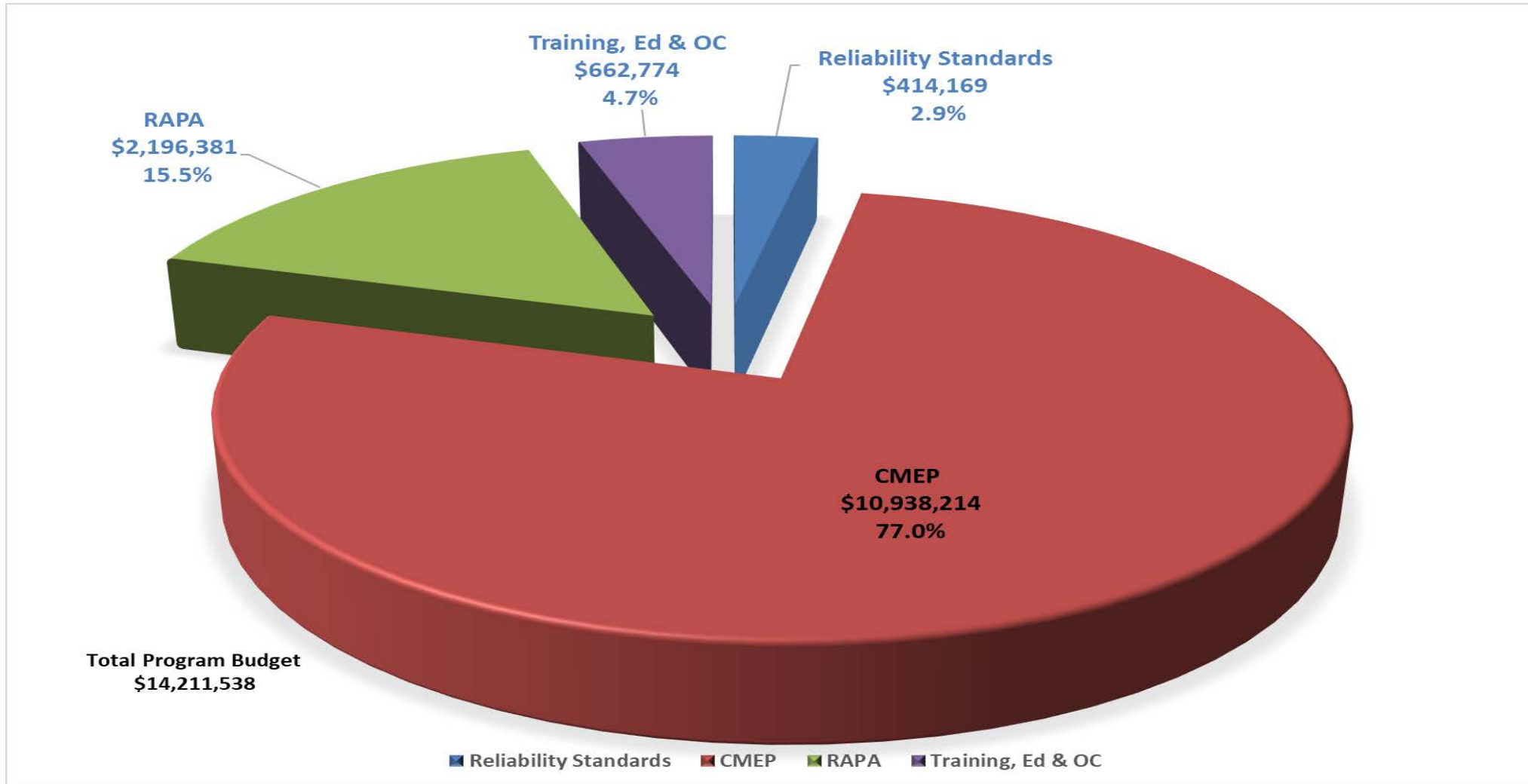
- For increased CIP activity, ERO Enterprise projects, and travel required for the additional FTEs.

Operating Expenses \$2,809,979 -- 6.3% increase over 2020

- Contract and Consultants expense is decreasing due to board and executive search fees not being budgeted in 2021.
- Rent cost is increasing 19.5%. The lease for Texas RE office space was extended beginning October 2020, causing an escalation in rent and utilities for 2021.
- All other areas are remaining consistent with 2020.

Fixed Assets remaining consistent with 2020

2021 Budget by Program Area



Texas RE 2021 Assessments

- **Total 2021 Assessments \$13,343,400**
 - 0.0% change from 2020
- **Factors impacting assessment change:**
 - Increase in 2021 expense budget 2.8%
 - \$169,195 penalty revenue to reduce 2021 assessments
 - \$619,000 used from Assessment Stabilization funds

Operating Reserve and Working Capital

- **The purpose of the Board-approved Working Capital and Operating Reserve policy for Texas RE is to ensure the stability of the ongoing operations of the organization.**
 - **The \$2,000,000 Working Capital and Operating Reserve is a contingency reserve intended to provide funds for contested Enforcement matters or sudden unanticipated expenses.**
 - **No change projected in Working Capital and Operating Reserve balance at year end 2020 and 2021.**
 - **\$2,087,000 Projected Assessment Stabilization funds at year end 2020**
 - **\$1,468,000 Projected Assessment Stabilization funds at year end 2021**
- Assessment Stabilization funds are NOT part of the Operating Reserve*

Preliminary 2022 and 2323 Projections

- **2022 Projections**

- Budget 5.1% increase over 2021
 - Includes 18.% increase for Rent and Utilities
 - All other categories 4.0% increase
- Assessments 4.0% increase over 2021

- **2023 Projections**

- Budget 4.2% increase over 2022
 - Includes 6.7% increase in Rent and Utilities
 - All other categories 4.0% increase
- Assessments 4.0% increase over 2022

Will be determined if Assessment Stabilization will be needed

Questions?

