

# Trustees Webinar Series

## Understanding the Community College Funding Model



Texas Success Center



Community College  
Association of Texas Trustees

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## **Dr. Manuel Gonzalez**

Director, Community College  
Association of Texas Trustees

## **Bonnie Najera**

El Paso Community College Board of  
Trustees

# Budgeting in Texas Community Colleges

## **Karla Metzler**

Board Chair,  
North Central Texas College Board  
of Regents

## **Dr. Van Miller**

Vice Chancellor Fiscal Affairs/CFO,  
North Central Texas College

## **Dr. Brent Wallace**

Chancellor,  
North Central Texas College



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# **The CFO Perspective**





# Budgeting in Texas Community Colleges

- Must be approved by **September 1st** each year
  - Lengthy process – usually 6 to 8 months
  - Typically begins early in Spring semester



# Revenues



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# Revenues

- **State Appropriations**



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# Revenues

- **State Appropriations**

- Even-numbered years – no change
- Odd-numbered years – known at end of legislative session
  - Typically ends Memorial Day weekend
  - Can be extended by special session
- Amount may be unknown when budget is approved





# Revenues

- **State Appropriations**
- **Local Property Taxes**



# Revenues

- **State Appropriations**

- **Local Property Taxes**

- Important rates to consider:
  - Effective Tax Rate = No New Tax Rate
  - Rollback Rate = Voter-Approval Rate (8% over NNT Rate)
- Final valuations not known until late July
- Collections rate a concern during weak economy
- Colleges in large counties often rely on projections



# Revenues

- **State Appropriations**
- **Local Property Taxes**
- **Tuition & Fees**



# Revenues

- **State Appropriations**
- **Local Property Taxes**
- **Tuition & Fees**
  - Often set during Spring semester
  - Concern over competition
  - TACC annual publication of tuition rates



# Revenue Distribution (Example #1)

Revenue Source

**Temple College**

State Appropriations

Local Taxes

Tuition & Fees

Total

**\$29,518,196**



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# Revenue Distribution (Example #1)

Revenue Source	Temple College
State Appropriations	\$9,593,290 32.5%
Local Taxes	\$8,608,217 29.2%
Tuition & Fees	<u>\$11,316,689 38.3%</u>
Total	<b>\$29,518,196</b>





# Revenue Distribution (Example #2)

## College of the Mainland

**\$39,023,912**

### Revenue Source

State Appropriation

Local Taxes

Tuition & Fees

Total

## Collin College

**\$194,698,670**



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# Revenue Distribution (Example #2)

## College of the Mainland

\$9,232,044 23.7%

**\$22,567,888 57.8%**

\$7,223,980 18.5%

**\$39,023,912**

### Revenue Source

State Appropriation

**Local Taxes**

Tuition & Fees

Total

## Collin College

\$44,026,968 22.6%

**\$110,489,653 56.7%**

\$40,182,049 20.6%

**\$194,698,670**



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# Revenue Distribution (Example #3)

## North Central Texas College

**\$37,950,306**

### Revenue Source

State Appropriation

Local Taxes

Tuition & Fees

**Total**

## Blinn College

**\$93,216,852**



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# Revenue Distribution (Example #3)

## North Central Texas College

\$14,131,053 37.2%

\$4,083,322 10.8%

**\$19,735,931 52.0%**

**\$37,950,306**

### Revenue Source

State Appropriation

Local Taxes

**Tuition & Fees**

Total

## Blinn College

\$30,708,803 32.9%

\$1,939,201 2.1%

**\$60,568,848 65.0%**

**\$93,216,852**



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# Expenses

- **Largest Expense – Employee Salaries**



# Expenses

- **Largest Expense – Employee Salaries**

- Benefits can range from 25 – 35%





# Expenses

- **Largest Expense – Employee Salaries**
- **P/T instructor salaries create a natural buffer**



# Expenses

- **Largest Expense – Employee Salaries**
- **P/T instructor salaries create a natural buffer**
- **Typical cutbacks during budget crunch:**



# Expenses

- **Largest Expense – Employee Salaries**
- **P/T instructor salaries create a natural buffer**
- **Typical cutbacks during budget crunch:**
  - Typical cutbacks during budget crunch:
  - Travel/professional development
  - Deferred maintenance
  - New capital purchases



# CEO Perspective

- **Setting the Priorities for Yearly Budgeting**
- **The Budgeting Process in a Shared Governance Model**
- **What about the Faculty? Staff?**



# Board Chair Perspective

- **Statutory Requirements for the Board**

- *The Board employs a policy governance model which focuses on issues of strategic importance to the community.*
- *The Board develops its own policies.*

- **Setting Budgetary Priorities with the CEO**

- **The Role of Board Committees**

- *The Board acts only by majority votes in public meetings of the whole Board.*
- *The purpose of the Finance Committee is to review and aid in the development of the college annual budget; ensure accurate tracking/monitoring/accountability for funds; ensure adequate financial controls; and review major grants and associated terms.*





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# Q & A