Understanding the Community College Funding Model

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Budgeting in Texas Community Colleges

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Chancellor, North Central Texas College
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
Revenues

• State Appropriations
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

State Appropriations
Local Taxes
Tuition & Fees
Total

Temple College

$29,518,196
Revenue Distribution (Example #1)

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Temple College</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$9,593,290 32.5%</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$8,608,217 29.2%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$11,316,689 38.3%</td>
</tr>
<tr>
<td>Total</td>
<td>$29,518,196</td>
</tr>
</tbody>
</table>
Revenue Distribution (Example #2)

College of the Mainland

- Revenue Source
  - State Appropriation
  - Local Taxes
  - Tuition & Fees
  - Total

$39,023,912

Collin College

- Total Revenue

$194,698,670
## Revenue Distribution (Example #2)

### College of the Mainland

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$9,232,044</td>
<td>23.7%</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$22,567,888</td>
<td>57.8%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$7,223,980</td>
<td>18.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$39,023,912</strong></td>
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</table>

### Collin College

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$44,026,968</td>
<td>22.6%</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$110,489,653</td>
<td>56.7%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$40,182,049</td>
<td>20.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$194,698,670</strong></td>
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</table>
Revenue Distribution (Example #3)

North Central Texas College

- Revenue Source
  - State Appropriation
  - Local Taxes
  - Tuition & Fees

- Total: $37,950,306

Blinn College

- Revenue Source
  - State Appropriation
  - Local Taxes
  - Tuition & Fees

- Total: $93,216,852
## Revenue Distribution (Example #3)

### North Central Texas College

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$14,131,053</td>
<td>37.2%</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$4,083,322</td>
<td>10.8%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$19,735,931</td>
<td>52.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$37,950,306</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Blinn College

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$30,708,803</td>
<td>32.9%</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$1,939,201</td>
<td>2.1%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$60,568,848</td>
<td>65.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$93,216,852</strong></td>
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</tr>
</tbody>
</table>
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.
Q & A