

TACC 2006 Summer Conference

Proportionality

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History

- **Chapter 130 of the Texas Education Code spells out the relationship between the local & state governments.**
- “ (a) There shall be appropriated biennially...an amount sufficient to supplement local funds for the proper support, maintenance, operation, and improvement of those public junior colleges of Texas...”
- “All funds allocated under the provisions of this code...shall be used exclusively for the purpose of paying salaries of the instructional and administrative forces...”
- **Within this understanding, community colleges have used the revenue appropriated by the state to fund the education of students, while taking locally raised tax dollars to build and maintain buildings and facilities.**



More History

- In 1985, the General Appropriations Act included rider language that instructed institutions to “apply for and use federal funds for group insurance premiums for salaries paid from federal funds.”
- The 1991 Texas Performance Report, “Breaking the Mold,” recommended that community colleges pay all physical plant employee benefits from local funds.
- During the 78th Legislature, recommendation was implemented.



New LBB Definition

- Proportionality - “the relative share of each revenue source applied to the total benefits costs.”
- Example - If 65% of total revenue comes from state general revenue, then the state should only fund 65% of employee benefits.
- LBB argues that this definition should be, and is, uniform across all agencies of state government.



Problems with Proportionality

- Community Colleges Currently Comply With Proportionality
- Will create a disincentive for full formula funding.
- Unlike other public institutions of higher education, state general revenue expenditures at community colleges is restricted to instructional costs.
- LBB methodology excludes tuition and fees, which is inconsistent with method used for other institutions of higher education.
- Methodology excludes other benefits paid by colleges.
 - Currently, the state funds **52.6%** of total employee benefits while local colleges pay **47.4%**.



79th Legislature & The Interim

- **LBB Performance Report - January 2004.**
- **Initial Senate Bill Contained partial proportionality**
- **House chose not to implement.**
- **Rider was included that calls for the LBB to be prepared to fully implement in the 80th Legislative Session.**
- **LBB interim visits to colleges.**
- **House Appropriations Interim Charge.**

