

**BOARD OF TRUSTEES
PLANNING AND BUDGET COMMITTEE MEETING
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL
R.L. Thornton, Jr. Administration Building
701 Elm Street
Dallas, TX 75202
Board Room (4th floor)
November 20, 2007
3:00 PM**

Agenda

1. Certification of Posting of Meeting Wright Lassiter

2. Fall Revision of the 2007-08 Budget Ed DesPlas
Committee Action: Motion for approval and submission
at the December 4, 2007 Board of Trustees meeting.

3. Recommendation to Continue to Tax Goods-in-Transit in Ed DesPlas
the Tax Year 2008

4. Budget Planning for 2008-09 Ed DesPlas

5. Executive Session: The Board may conduct an executive session as
authorized under §551.074 of the Texas Government Code to deliberate on
personnel matters.

As provided by §551.072 of the Texas Government Code, the Board of Trustees may conduct an executive session to deliberate regarding real property since open deliberation would have a detrimental effect upon negotiations with a third person.

The Board may conduct an executive session under §551.071 of the Texas Government Code to seek the advice of its attorney and/or on a matter in which the duty of the attorneys under the Rules of Professional Conduct clearly conflict with the Open Meetings Act. The Board may seek or receive its attorney's advice on other legal matters during this executive session.

6. Adjournment

**CERTIFICATION OF POSTING OF NOTICE NOVEMBER 20, 2007
PLANNING & BUDGET COMMITTEE MEETING OF THE
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL
BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 16th day of November, 2007 in a place convenient to the public in the R.L. Thornton, Jr. Administration Building, and a copy of this notice was provided on the 16th day of November, 2007 to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the Frank Crowley Courts Building, all as required by the Texas Government Code, §551.054.



Wright L. Lassiter, Jr., Secretary

Fall Budget Revision

November 20, 2007



Current Funds

The majority of adjustments in the Fall budget revision are caused by one of two things:

1. Through use of fund balance, departmental accounts are increased to provide for encumbrances that have been carried forward from the prior fiscal year, and
2. Salary increases are reallocated from a reserve account to departmental accounts.



Current Funds

There are five adjustments now possible by the state restoration of dollars to community colleges and are recommended (*p. 1 of 2*):

1. Add approximately \$400,000 to restore the enrollment growth incentive funding level to \$1 million for 2007-2008
2. Increase the \$5 million provided for planned maintenance for 2007-2008 to \$10 million



Current Funds

(p. 2 of 2)

3. Increase by \$300,000 for a 2007-2008 total of \$1.5 million for emergency/crisis communication
4. Reserve \$375,000 for pending adjustments to police officer salaries
5. Reserve the remaining \$1 million for further consideration



Current Funds

Significant Adjustments (*p. 1 of 3*)

Unrestricted Fund

- \$220,026 increase in continuing education tuition
- \$ 66,235 decrease in federal work study and administrative allowances
- \$126,201 increase in student pay plan charges and other general revenue



Current Funds

Significant Adjustments (*p. 2 of 3*)

Auxiliary Fund

- \$ 441,500 increase in sales & services
- \$ 58,574 decrease in investment income

Restricted Fund

- \$ 68,371 increase in grant for Richland Collegiate High School



Current Funds

Significant Adjustments (*p. 3 of 3*)

Richland Collegiate High School

- \$227,500 increase in instruction
- \$101,737 increase in institutional support



Current Funds

Overview

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Unrestricted	\$ 288,107,591	\$ 17,076,513	\$ 305,184,104
Auxiliary	11,060,194	1,118,334	12,178,528
Restricted	<u>102,903,884</u>	<u>68,372</u>	<u>102,972,256</u>
Subtotal	\$ 402,071,669	\$ 18,263,219	\$ 420,334,888
RCHS ¹	<u>\$ 1,806,465</u>	<u>\$ 282,857</u>	<u>2,089,322</u>
Grand Total	<u>\$ 403,878,134</u>	<u>\$ 18,546,076</u>	<u>\$ 422,424,210</u>

¹ Richland Collegiate High School



Unrestricted Fund

Revenues & Additions

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
State Appropriations	\$ 89,473,204	\$ -	\$ 89,473,204
Tuition	64,164,856	220,026	64,384,882
Taxes for Current Operations	119,889,500	-	119,889,500
Federal Grants & Contracts	1,048,090	(66,235)	981,855
State Grants & Contracts	131,292	20,540	151,832
Investment Income	6,250,000	-	6,250,000
General Revenue	2,150,649	126,201	2,276,850
Use of Fund Balance	<u>5,000,000</u>	<u>16,775,981</u>	<u>21,775,981</u>
Total	<u>\$288,107,591</u>	<u>\$ 17,076,513</u>	<u>\$ 305,184,104</u>



Unrestricted Fund

Expenditures & Uses

	Original	Proposed Change	Fall Revision
Instruction	\$ 108,595,822	\$ 11,500,478	\$ 120,096,300
Public Service	5,308,955	41,004	5,349,959
Academic Support	23,832,589	(5,851,405)	17,981,184
Student Services	24,914,859	803,668	25,718,527
Institutional Support	50,518,036	2,358,924	52,876,960
Staff Benefits	10,082,226	173,752	10,255,978
Plant Operations & Maintenance	26,800,503	981,431	27,781,934
Repairs & Rehabilitation	5,992,591	14,132,398	20,124,989
Reserve - Campus	1,800,771	1,173,013	2,973,784
Reserve - Compensation	6,505,961	(6,505,961)	-
Reserve - State Funding Reduction	7,064,689	(6,051,332)	1,013,357
Reserve - Operating	4,209,167	(432,195)	3,776,972
Reserve - New Campuses	500,000	-	500,000
Reserve - Non-operating	500,000	(170,806)	329,194
Mandatory Transfers	2,406,046	73,544	2,479,590
Non-mandatory Transfers	9,075,376	4,850,000	13,925,376
Total	<u>\$ 288,107,591</u>	<u>\$ 17,076,513</u>	<u>\$ 305,184,104</u>



Auxiliary Fund

Revenues & Additions

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Sales & Services	\$ 6,104,397	\$ 441,500	\$ 6,545,897
Investment Income	432,000	(58,574)	373,426
Transfers-in	4,523,797	-	4,523,797
Use of Fund Balance	<u>-</u>	<u>735,408</u>	<u>735,408</u>
Total	<u>\$11,060,194</u>	<u>\$ 1,118,334</u>	<u>\$ 12,178,528</u>



Auxiliary Fund

Expenditures & Uses

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Student Activities	\$ 6,080,844	\$ 328,215	\$ 6,409,059
Sales & Services	3,929,815	825,560	4,755,375
Reserve - Campus	567,459	(35,441)	532,018
Reserve - District	364,163	-	364,163
Transfers-out	117,913	-	117,913
Total	<u>\$ 11,060,194</u>	<u>\$ 1,118,334</u>	<u>\$ 12,178,528</u>



Restricted Fund

Revenues & Additions

	Original	Proposed Change	Fall Revision
Insurance/Retirement Match	\$ 23,258,341	\$ -	\$ 23,258,341
SBDC State Match	1,501,733	-	1,501,733
Subtotal State Appropriations	24,760,074	-	24,760,074
Grants & Contracts			
Federal	63,601,103	-	63,601,103
State	7,032,507	-	7,032,507
Local	6,568,181	-	6,568,181
Transfers-in	942,019	-	942,019
Total	102,903,884	-	102,903,884
RichHS ¹	-	68,372	68,372
Grand Total	\$102,903,884	\$ 68,372	\$ 102,972,256

¹ Richland Collegiate High School



Restricted Fund

Expenditures & Uses

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Insurance/Retirement Match	\$ 23,258,341	\$ -	\$ 23,258,341
Grants & Contracts	33,691,255	-	33,691,255
Scholarships	<u>45,954,288</u>	<u>-</u>	<u>45,954,288</u>
Subtotal	\$102,903,884	\$ -	\$ 102,903,884
RCHS ¹	<u>\$ -</u>	<u>\$ 68,372</u>	<u>68,372</u>
Grand Total	<u>\$102,903,884</u>	<u>\$ 68,372</u>	<u>\$ 102,972,256</u>

¹ Richland Collegiate High School



Richland Collegiate High School

Revenues and Additions

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
State Funding	\$ 1,806,465	\$ 272,857	\$ 2,079,322
Investment Income	\$ -	\$ 10,000	\$ 10,000
Total	<u>\$ 1,806,465</u>	<u>\$ 282,857</u>	<u>\$ 2,089,322</u>

Expenditures and Uses

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Instruction	\$ 1,001,000	\$ 227,500	\$ 1,228,500
Academic Support	241,156	(66,180)	174,976
Student Services	154,029	19,800	173,829
Institutional Support	410,280	101,737	512,017
Total	<u>\$ 1,806,465</u>	<u>\$ 282,857</u>	<u>\$ 2,089,322</u>



Non-operating Funds

\$125 million of commercial paper has been issued since September 1, 2007.



Non-operating Funds

Significant Adjustments

Unexpended Plant Fund

- \$ 230,000 increase in investment revenue
- \$ 4,850,000 increase in transfers-in



Non-operating Funds

Overview

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Unexpended Plant	\$178,323,654	\$ 5,080,000	\$ 183,403,654
Debt Service	19,240,675	-	19,240,675
Quasi-endowment	630,000	-	630,000



Unexpended Plant Fund

Revenues and Additions

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Investment Revenue	\$ 1,600,000	\$ 230,000	\$ 1,830,000
General Obligation Bonds	-	-	-
Commercial Paper	150,000,000	-	150,000,000
Transfers-in	1,500,000	4,850,000	6,350,000
Use of Fund Balance	25,223,654	(230,000)	24,993,654
Total	<u>\$178,323,654</u>	<u>\$ 4,850,000</u>	<u>\$ 183,173,654</u>



Unexpended Plant Fund

Expenditures and Uses

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Bldg & Physical Plant Repairs	\$ 9,820,451	\$ -	\$ 9,820,451
Construction & Land Purchases	148,006,942	4,850,000	152,856,942
Architects	16,787,341	-	16,787,341
Furniture & Equipment	3,635,464	-	3,635,464
Bond Cost of Issuance	-	-	-
Commercial Paper Cost of Issuance	73,456	-	73,456
Non-mandatory Transfers	-	-	-
Total	<u>\$ 178,323,654</u>	<u>\$ 4,850,000</u>	<u>\$ 183,173,654</u>



Debt Service

Revenues and Additions

	Original	Proposed Change	Fall Revision
Investment Revenue	\$ 50,000	\$ -	\$ 50,000
Taxes (Maintenance Tax Notes)	6,127,618	-	6,127,618
Taxes (General Obligation Bonds)	5,445,996	-	5,445,996
Taxes (Commercial Paper)	2,222,436	-	2,222,436
Transfer-in (Tuition)	2,134,765	-	2,134,765
Transfer-in (Auxiliary Fund)	-	-	-
Transfer-in (Unrestricted)	3,259,860	-	3,259,860
Total	<u>\$ 19,240,675</u>	<u>\$ -</u>	<u>\$ 19,240,675</u>



Debt Service

Expenditures and Uses

	Original	Proposed Change	Fall Revision
G.O. Bond Principal & Interest	\$ 5,299,250	\$ -	\$ 5,299,250
G.O. Bond Debt Service	1,000	-	1,000
Revenue Bonds Principal & Interest	5,234,594	-	5,234,594
Revenue Bonds Debt Service Expense	1,750	-	1,750
MTN Principal & Interest	5,963,331	-	5,963,331
MTN Debt Service Expenses	300	-	300
CP Interest Expense	2,162,959	-	2,162,959
Lone Star Notes (State of TX)	208,281	-	208,281
Uncollectible Tax Expense	95,193	-	95,193
Tax Collection Fees	274,017	-	274,017
Total	<u>\$ 19,240,675</u>	<u>\$ -</u>	<u>\$ 19,240,675</u>



Quasi Endowment

Revenues

	<u>Original</u>	<u>Proposed Change</u>	<u>Fall Revision</u>
Investment Income	\$ 230,000	\$ -	\$ 230,000
Lease Income	400,000	-	400,000
Use of Fund Balance	-	-	-
Total	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>

Expenditures

Transfers-out (Rising Star Program)	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>
Total	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>



3. Recommendation to Continue to Tax Goods-in-Transit in the Tax Year 2008

The 80th Session (Regular) of the Texas Legislature adopted House Bill 621 adding Section 11.253 to the Texas Tax Code. This new law allows for an exemption from taxation of goods-in-transit, with certain exceptions, if they are “transported to another location in this state or outside this state not later than 175 days after the date the person acquired the property in or imported the property into this state.” The new law further stipulates that the property be “detained at a location in this state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property.”

Under the new Tax Code 11.253 the board may provide for taxation of goods-in-transit by taking official action prior to January 1, 2008. If no action is taken by that time, qualifying goods-in-transit will be exempt from taxation. Per Section 11.253(j) an action now to tax the goods-in-transit described in Section 11.253 can be rescinded or repealed at a later date if the board so decides. As required by Section 1-n (d), Article VIII of the Texas Constitution, the board held a public hearing on December 4, 2007 to allow citizens to speak on this issue.

The Dallas Central Appraisal District (DCAD) has estimated the value of property subject to this exemption for 2008, based on 2007 property values, to be \$3,480,775,042. At the District’s current tax rate of \$0.0759 per \$100 valuation for maintenance and operations (M&O) and \$0.0045 per \$100 valuation for interest and sinking tax (I&S), an estimated \$2.64 million and \$0.16 million, respectively, or a total of \$2.8 million of ad valorem tax revenue could potentially be lost for 2008 if the board takes no action.

Because it is unclear as to whether a “direct or indirect ownership interest” is intended to apply to a location where the goods-in-transit are detained that is leased, the amount of potentially lost revenue could increase in future years if large retailers, who currently maintain inventory in their own warehouses, sell their warehouses, lease them back from new owners and then apply for the exemption.

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

WHEREAS, the 80th Texas Legislature in Regular Session has enacted House Bill 621 to take effect on January 1, 2008, which would amend Texas Tax Code Section 11.253 to exempt from property taxation certain tangible personal property goods-in-transit, which property has been subject to taxation in the past; and

WHEREAS, the Board of Trustees of the Dallas County Community College District desires to maintain and preserve the quality of education throughout the District in the face of ever-increasing state mandates without adequate funding; and

WHEREAS, the Board of Trustees of the Dallas County Community College District desires to both prevent the erosion of its tax base and preserve the District's right to continue to tax goods-in-transit as covered by Section 11.235 of the Texas Tax Code, and

WHEREAS, Texas Tax Code Section 11.253(j) allows the governing body of a taxing unit, after conducting a public hearing, to provide for the continued taxation of such goods-in-transit; and

WHEREAS, the Board of Trustees of the Dallas County Community College District, having conducted a public hearing as required by Section 1-n (d), Article VIII, Texas Constitution, is of the opinion that it is in the best interests of the District to continue to tax such goods-in-transit;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT:

Section 1. That the Board of Trustees hereby states and declares its intention to continue to tax to the maximum extent authorized by law all goods-in-transit as defined by Texas Tax Code 11.253(a)(2) for the tax year 2008 and every year thereafter until and unless such intent is otherwise rescinded.

Section 2. That the Board of Trustees hereby directs that a copy of this Resolution shall be made available for inspection by the public during normal business hours at the District's central administrative offices from this date forward.

This resolution is effective from and immediately upon its adoption.

Jerry Prater, Chair
Board of Trustees
Dallas County Community College District

Wright L. Lassiter, Jr., Secretary
Board of Trustees
Dallas County Community College District

THE STATE OF TEXAS

COUNTY OF DALLAS

We, the undersigned, Chairman of the Board of Trustees and Secretary of the Board of Trustees of the Dallas County Community College District, do hereby certify that the attached is a true, full and correct copy of the resolution adopted by the Board of Trustees of said District on the fourth day of December, 2007, establishing the District's right to tax goods-in-transit in the tax year 2008 and thereafter, which resolution is of record in said minutes.

WITNESSETH MY HAND AND SEAL of said District the fourth day of December 2007.

Jerry Prater, Chairman
Board of Trustees
Dallas County Community College District

Wright L. Lassiter, Jr., Secretary
Board of Trustees
Dallas County Community College District

(S E A L)

THE STATE OF TEXAS

COUNTY OF DALLAS

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Jerry Prater and Wright L. Lassiter, Jr., known to me to be the true persons and officers whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and in the capacity therein stated, and declared to me upon oath that the foregoing instrument is true and correct.

GIVEN UNDER MY HAND AND SEAL of office this fourth day of December, 2007.

Notary Public: _____
My Commission Expires: _____

Planning Assumptions for 2008-09 Budget November 20, 2007



2008-09 Planning Assumptions

Revenue:

- Assume second year state funding at originally appropriated amount
- Assume 5% increase in property valuation for an approximate increase of \$5.5 million
- Consider increase in tuition rate for 2008-2009 effective Spring 2009



2008-09 Planning Assumptions

Expenditures: *(p. 1 of 2)*

- Continue allocation of \$1 million for new program development
- Consider implementation of Phase II faculty salary adjustment resulting from compression issues
- Continue allocation for a sustained level of budget for facility rehabilitation and repair
- Continue budget provision to support colleges with enrollment increase



Update on 2007-08 Planning Assumptions

Expenditures: *(p. 2 of 2)*

- Consider budget provision to support student retention improvements
- Consider implementation of recommendations for police officer salary increases and adjustments of approximately \$743,000
- Consider budget needs for campus centers in 2008-2009
- Consider changes to administrative salary bands



The End

