

Dallas County Community College District

**“Two Cent*” Tax Increase -
Funding Models
to Meet Operational
Needs Not Yet Met**

August 7, 2012

* requested by Trustee Flores @ 7/17/2012 Board Planning & Budget Committee Meeting

Appendix: Needs Not Yet Met – annual amounts

• Compensation:		
– COLA “Catch Up”, for everyone (7.54% - FY12 adj.)		\$11.7 million
– Faculty Pay Issues, amount TBD... up to		\$ 2.5 million
– PSS & Administrative issues, amount TBD		\$ 0.8 million
– PSS & Administrative Scale Adj’s proposed 7/19/2012		\$ 1.2 million
– Reinstate Cyclic PSS Job Evaluation Process		\$ 0.5 million
– Increased Cost of Benefits (discussed 7/17/2012)		\$ 3.5 million
• Facilities Projects		
– \$86 million spread over 5 yrs (less \$5.5 million former MTN pmts)		\$11.7 million
• Enhance Technology “Edge” Provision		\$ 2.0 million
• Fully fund cost of facilities operations @ \$7.50/sq ft		\$ 4.5 million
• Restore full funding to Visiting Scholar program		\$ 1.0 million
• Provision for internal “Momentum Points”		\$ 2.0 million
• Provision for instructional equipment upgrades		\$ 1.5 million
• Retrofit closets, IP telephony upgrades, (5 years)		\$ 2.4 million
• Provision for new program development		\$ 1.0 million
	Total	\$40.8 million
		\$45.2 million

Fully used in
6/5/12
proposal

\$1.5
million in
7/19/12
proposal

Note: Items above are listed in priority order

Updated list from information shared with Board on 7/20/2012

Items in purple = at least 90% to colleges; items in orange = 100% to colleges.

\$7 Tuition Increase-Spring '13 and Spring '15; Two-Cent Increase M&O Taxes FY2013

<u>Additional Revenues</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Increase M & O Tax Rate by 2 cents - FY 2013	32,000,000	32,000,000	32,000,000	32,000,000
Increase Tution by \$7/credit hour FY13	6,307,000	11,900,000	11,900,000	11,900,000
Increase Tution by \$7/credit hour FY 15	<u> -</u>	<u> -</u>	<u>6,307,000</u>	<u>11,900,000</u>
Total Additional Revenues	38,307,000	43,900,000	50,207,000	55,800,000
 Using this model:				
DCCCD M&O Tax Rate, proposed	\$0.0989	\$0.0989	\$0.0989	\$0.0989
Texas Community College M&O Average, FY 2012	\$0.1440			
Peer Average (HCC, TCC, Austin, LSC, SJCC, EPCC, Alamo), FY2012	\$0.1049			
 DCCCD Tuition Rate, current and proposed				
	\$45 - Fall	\$52	\$52 - Fall	\$59
	\$52 - Effective Spring		\$59 - Effective Spring	
 Texas Community College Average, FY2012				
	\$73			
 Peer Average (HCC, TCC, Austin, LSC, SJCC, EPCC, Alamo), FY2012				
	\$63			

\$7 Tuition Increase-Spring '13 and Spring '15; Two-Cent Increase M&O Taxes FY2013

<u>Existing Needs, not in current budget</u>	<u>Target, est. Summer 2012</u>	<u>FY2013 Increment</u>	<u>FY 2014 Increment</u>	<u>FY 2015 Increment</u>	<u>FY 2016 Increment</u>
Compensation:					
COLA Proposal	11,400,000	11,400,000	2,240,000	2,262,400	2,285,024
Faculty Market Adjustment (FY14 - Formula Review)	2,500,000	1,500,000	1,000,000	750,000	-
Reinstate Cyclic Job Evaluation Process	800,000	500,000	250,000	250,000	
PSS & Admin Pay Scale Adjustments	-	<u>1,250,000</u>	-	-	-
Subtotal - Compensation	14,700,000	14,650,000	3,490,000	3,262,400	2,285,024
Increased Cost of Benefits	3,500,000	3,500,000	-	-	-
Prior Year Compensation & Benefits Increase			18,150,000	21,640,000	24,902,400
Facilities Projects (in addition to former MTN pmts)	11,700,000	11,700,000	11,700,000	11,700,000	11,700,000
Technology "Edge" Provision (in addition to existing assumption)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Full funding for facilities operations @ \$7.50/sq. ft.	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Restore Full Funding to Visiting Scholar program	1,000,000	500,000	1,000,000	1,000,000	1,000,000
Provision for internal "Momentum Points"	2,000,000	-	500,000	1,000,000	2,000,000
Provision for instructional equipment upgrades	1,500,000	-	-	1,500,000	1,500,000
IP telephony upgrades (5 year project)	2,400,000	-	-	1,000,000	2,400,000
Provision for new program development	<u>1,000,000</u>	-	-	-	<u>1,000,000</u>
Total Needs	44,300,000	36,850,000	41,340,000	47,602,400	53,287,424
Reserve for Benefit Increases, State Funding Cuts, Enrollment Decreases		<u>1,457,000</u>	<u>2,560,000</u>	<u>2,604,600</u>	<u>2,512,576</u>
Total Uses of Additional Revenues		38,307,000	43,900,000	50,207,000	55,800,000

\$7 Tuition Increase-Spring '13 and Spring '15; Two-Cent Increase M&O Taxes FY2013 and Increase to Roll-Back Limit in FY2014

<u>Additional Revenues</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Increase M & O Tax Rate by 2 cents- FY 2013	32,000,000	32,000,000	32,000,000	32,000,000
Increase M & O Texas to Roll-Back Limit - FY 2014	-	12,162,591	12,162,591	12,162,591
Increase Tution by \$7/credit hour FY13	6,307,000	11,900,000	11,900,000	11,900,000
Increase Tution by \$7/credit hour FY 15	<u>-</u>	<u>-</u>	<u>6,307,000</u>	<u>11,900,000</u>
Total Additional Revenues	38,307,000	56,062,591	62,369,591	67,962,591

Using this model:

DCCCD M&O Tax Rate, proposed	\$0.0989	\$0.1068	\$0.1068	\$0.1068
Texas Community College M&O Average, FY 2012	\$0.1440			
Peer Average (HCC, TCC, Austin, LSC, SJCC, EPCC, Alamo), FY2012	\$0.1049			
 DCCCD Tuition Rate, current and proposed	 \$45 - Fall \$52 - Effective Spring	 \$52	 \$52 - Fall \$59 - Effective Spring	 \$59
Texas Community College Average, FY2012	\$73			
Peer Average (HCC, TCC, Austin, LSC, SJCC, EPCC, Alamo), FY2012	\$63			

\$7 Tuition Increase-Spring '13 and Spring '15; Two-Cent Increase M&O Taxes FY2013 – FY2016 and Increase to Roll-Back Limit in FY2014

	Target, est. <u>Summer 2012</u>	<u>FY2013</u> <u>Increment</u>	<u>FY 2014</u> <u>Increment</u>	<u>FY 2015</u> <u>Increment</u>	<u>FY 2016</u> <u>Increment</u>
<u>Existing Needs, not in current budget</u>					
Compensation:					
COLA Proposal	11,400,000	11,400,000	2,240,000	2,262,400	2,285,024
Faculty Market Adjustment	2,500,000	1,500,000	1,000,000	750,000	-
Reinstate Cyclic Job Evaluation Process	800,000	500,000	250,000	250,000	
PSS & Admin Pay Scale Adjustments	-	<u>1,250,000</u>	-	-	-
Subtotal - Compensation	14,700,000	14,650,000	3,490,000	3,262,400	2,285,024
Increased Cost of Benefits	3,500,000	3,500,000	-	-	-
Prior Year Compensation & Benefits Increase			18,150,000	21,640,000	24,902,400
Facilities Projects (in addition to former MTN pmts)	11,700,000	11,700,000	11,700,000	11,700,000	11,700,000
Technology "Edge" Provision (in addition to existing assumption)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Full funding for facilities operations @ \$7.50/sq. ft.	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Restore Full Funding to Visiting Scholar program	1,000,000	-	1,000,000	1,000,000	1,000,000
Provision for internal "Momentum Points"	2,000,000	-	2,000,000	2,000,000	2,000,000
Provision for instructional equipment upgrades	1,500,000	-	1,500,000	1,500,000	1,500,000
IP telephony upgrades (5 year project)	2,400,000	-	2,400,000	2,400,000	2,400,000
Provision for new program development	<u>1,000,000</u>	-	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Needs	44,300,000	36,350,000	47,740,000	51,002,400	53,287,424
Reserve for Benefit Increases, State Funding Cuts, Enrollment Decreases		<u>1,957,000</u>	<u>8,322,591</u>	<u>11,367,191</u>	<u>14,675,167</u>
Total Uses of Additional Revenues		38,307,000	56,062,591	62,369,591	67,962,591

Homeowner Impact - M&O Tax Increases under Two-Cent Models: FY 2012 – FY 2014

	FY 2012 <u>Current Rate</u>	FY 2013 Up To <u>Rollback Rate</u>	FY 2013 2-cent <u>M&O Increase</u>	FY 2014 2-cent plus <u>Rollback Rate</u>
Assessed Home Value	\$131,780	\$131,780	\$131,780	\$131,780
Less Homestead Exemption	<u>26,356</u>	<u>26,356</u>	<u>26,356</u>	<u>26,356</u>
Taxable Value	<u>\$105,424</u>	<u>\$105,424</u>	<u>\$105,424</u>	<u>\$105,424</u>
 M & O Tax Rate per \$100	 0.0789	 0.0852	 0.0989	 0.1068
Annual M & O Taxes	\$83.18	\$89.83	\$104.26	\$112.59
Increase in Annual M & O Taxes from FY12		\$6.65	\$21.08	\$29.41
% Change from FY 2012		7.99%	25.35%	35.36%

INITIAL ESTIMATES, 7/19/2012

Updates from Certified Tax Rolls

- **Change in Taxable Assessed Values, certified 7/23/2012** **+ 1.76%**
- **FY13 Effective Tax Rate (7/27/12)** **\$0.0786**
- **Projected Change in M&O Revenue with new Effective Tax Rate** **\$363,786**
- **FY13 Roll-Back Rate (7/27/12)** **\$0.08489**
- **Projected additional M&O Revenue with new Roll-Back Rate** **\$10 million**

Homeowner Impact – M&O Taxes under Various Rates: FY 2013

	FY 2012 <u>Current Rate</u>	FY 2013 at FY 2012 <u>M&O Rate</u>	FY 2013 New Effective <u>Tax Rate</u>	FY 2013 Rollback <u>Rate</u>	FY 2013 New ETR <u>Plus 2 cents</u>
Assessed Home Value	\$131,780	\$130,199	\$130,199	\$130,199	\$130,199
Less Homestead Exemption	<u>26,356</u>	<u>26,040</u>	<u>26,040</u>	<u>26,040</u>	<u>26,040</u>
Taxable Value	<u>\$105,424</u>	<u>\$104,159</u>	<u>\$104,159</u>	<u>\$104,159</u>	<u>\$104,159</u>
 M & O Tax Rate per \$100	 0.0789	 0.0789	 0.0786	 0.08489	 0.0986
 Annual M & O Taxes	 \$83.18	 \$82.18	 \$81.87	 \$88.42	 \$102.71
 Increase in Annual M & O Taxes from FY12		 -\$1.00	 -\$1.31	 \$5.24	 \$19.53
 % Change from FY 2012		 -1.20%	 -1.57%	 6.30%	 23.48%

Note: FY 2013 Average Home Value is \$130,199

Needed from Board – Today (Please)

- Indication of preferred Compensation Proposal for action at 9/4/2012 Board Meeting.
 - From June 2012 Board Meeting:
 - Tiered COLA (5.0% to 6.4%) \$11.4 million
 - Increase FT & PT Faculty Pay Scales by 6.4%
 - Competitive Market Adj's for current FT faculty and faculty scales (\$1,250/each) \$ 1.0 million
 - From July 19, 2012 materials sent to Board 7/20/12:
 - Tiered COLA (5.0% to 6.4%) \$11.4 million
 - Increase FT & PT Faculty Pay Scales by 6.4%
 - Competitive Market Adj's for current FT faculty and faculty scales (\$1,925/each) \$ 1.5 million
 - Adjust PSS & Admin Pay Scales (only) by 5% \$ 1.2 million

Needed from Board – Today (Please)

- Motion & Roll Call vote on Proposed M & O

Tax rate:

– Effective Tax Rate	\$0.078605
– Stay at Current Rate (an increase)	\$0.078900
– Increase to just below Roll-Back Rate	\$0.084893
– Increase Current ETR by 2 cents	\$0.098605