

Dallas County Community College District

Interim Update to
Multi-Year Financial Outlook and Plan
FY 2012 – 2014

**Focus on
Compensation & Planned Maintenance of Facilities**

DCCCD Board Worksession
March 6, 2012

Compensation – Salary/Wage Increase for Cost-of-Living

- Last granted September 2, 2008
- Based on increase in CPI (Consumer Price Index)
- 5%, across-the-board: FT, PT; Faculty, Staff, Administrators (did not include student assts)

Increases to CPI since 2008

- For COLA purposes, DCCCD measures change in **CPI** from February of prior year to February of current year
- Feb. 2008 to Feb. 2009: 0.24%
- Feb. 2009 to Feb. 2010: 2.14%
- Feb. 2010 to Feb. 2011 2.11%
- If granted each year, would total 4.49%

Increases to CPI since 2008 (continued)

CPI measurement for February 2012 not
available until 3/16/2012

However:

total change in CPI, Feb. 2008 to Jan. 2012 = 7.07%

Cost of 1% Salary/Wage Increase

- Full time and Part Time: Faculty, Staff, Administrators (not including student assistants)

\$1.77 million

COLA “Catch-Up”

- To catch-up to change in CPI from Feb. 2008 to Feb. 2011
 - **4.49% = \$7.94 million**
- To catch-up to change in CPI from Feb. 2008 to Jan. 2012
 - **7.07% = \$12.51 million**

Caveat – COLA “Catch-Up” Effort

- In Nov. 2009, FT & LFT employees were granted a \$300/year increase to offset increased cost of health insurance premiums. Cost was \$963,300. In a year when CPI change was near -0-, this would likely have been the only pay adjustment.
- In Sept. 2011, FT & LFT employees were granted a \$625/year increase to offset increased cost of health insurance premiums (for prior year and current year). Cost was \$1,981,250
- Had COLA increases been granted in these most recent years, the COLA would have likely eclipsed the adjustments for increased dependent health premiums; perhaps only COLA would have been granted.
- The \$1.98 million should be a deduction from the amount of any COLA catch-up increase.

Catch-Up Caveat, Quantified

- 4.49% increase
less “caveat provision”
Adjusted Catch-Up Cost
\$7.94 million
(\$1.98 million)
\$5.96 million
or 3.36%
- 7.07% increase
less “caveat provision”
Adjusted Catch-Up Cost
\$12.51 million
(\$1.98 million)
\$10.53 million
or 5.94%

Compensation – Faculty Pay

Benchmarks from TCCTA 2011-2012 Survey

Full Time Faculty

	Total Salary Range				
	Full-Time Faculty	Lowest Actual Salary	Highest Actual Salary	Average Salary	Average Years of Service
State College:					
Alamo Community College District	856	\$36,445	\$87,357	\$54,698	12
Amarillo College	221	\$39,593	\$67,707	\$49,774	9
Austin Community College District	571	\$42,415	\$95,003	\$64,150	14
Collin College	350	\$42,124	\$88,248	\$54,943	9
Dallas County Community College District	765	\$40,000	\$97,452	\$56,840	17
Del Mar College	343	\$41,463	\$71,523	\$54,473	13
El Paso Community College	394	\$38,480	\$92,496	\$52,684	14
Houston Community College System	781	\$34,996	\$72,743	\$56,485	13
Lone Star College System	742	\$40,207	\$96,660	\$56,213	10
Tarrant County College District	629	\$47,800	\$91,871	\$59,019	10
Total Faculty:	5652				
Average Salary:		\$40,352	\$86,106	\$55,928	

Compensation – Faculty Pay

Benchmarks from TCCTA 2011-2012 Survey

Part Time Faculty

Compensation for part-time instructor teaching one 3-semester hour course in U. S. History (assuming instructor holds Master's Degree with no hours toward doctorate and is in the first year as a part-time faculty member)

College District	Compensation for One Three -Hour Course		Additional Pay for Advanced Hours or Degrees	Additional Pay for Teaching Experience	Number of Full Time Faculty	Number of Part Time Faculty	Percent of Sections Taught by Part-Time Faculty
	2010-11	2011-12					
Alamo Community College District	\$2,366	\$2,366	Yes	No	856	1,924	50%
Amarillo College	\$1,320	\$1,320	Yes	Yes	221	248	33%
Austin Community College	\$2,616	\$2,745	Yes	Yes	571	1,487	56%
Collin County Community College	\$2,085	\$2,085	No	No	358	771	49%
Dallas County Comm. College District	\$1,969	\$1,969	No	No	765	2,384	45%
Del Mar College	\$2,500	\$2,500	Yes	No	343	408	31%
El Paso Community College	\$2,469	\$2,469	No	No	420	1,080	54%
Houston Community College	\$1,752	\$1,752	Yes	No	781	2,895	50%
Lone Star College System	\$1,814	\$1,814	No	No	742	1,900	59%
Tarrant County College District	\$2,015	\$2,015	Yes	Yes	648	1168	46%
Mean Salary	\$2,091	\$2,104			5,705	14,265	47%
Median Salary	\$1,680	\$1,650					

Key Observations from Benchmarked TCCTA Information

Compared to Tarrant and Collin:

- DCCCD has lowest FT Faculty starting pay
- DCCCD has lowest Adjunct Faculty pay

DCCCD college leadership indicate that these conditions, especially within adjunct pools are impacting hiring outcomes.

Compensation - High Priority; High Price Tag What's next?

- Further exploration and analysis of Faculty compensation issues (by 5/15/2012)
- Exploration of Administrative Bands – focus on adequacy of minimum pay (by 6/15/2012)
- Exploration of select Professional Support Staff compensation issues, i.e. temporary expanded duties for exempts, re-instating job evaluation cycles (by 6/15/2012)
- Discussions, recommendations and decisions to fund compensation solutions (today through 9/4/2012)

Facilities –

Planned Maintenance Projects

- the Associate Vice Chancellor of Facilities Management & Planning/District Architect maintains a rolling list of planned maintenance, repairs and rehabilitation projects.
- the annual facilities “audit” drives this planning process.
- DSC Facilities professionals and college Facilities Directors drive the “audit”

Facilities – Planned Maintenance Projects (continued)

Generally speaking, the project list grows as:

- Facilities get older
- Facilities are subjected to higher usage (i.e. higher enrollments)
- Usage changes (re-purposed space)
- New buildings are opened
- Operating funds diminish (projects deferred)

Master Maintenance Project List

Total Estimated Project Costs

Summary

Campus	No# Projects	Bldg. Envelope	Exterior	MEP	Total
BHC	33	\$ 3,258,960	\$ 4,630,976	\$ 1,708,238	\$ 9,598,174
CVC	31	\$ 1,534,427	\$ 5,296,544	\$ 1,683,796	\$ 8,514,767
ECC	24	\$ 3,132,404	\$ 61,106	\$ 3,666,330	\$ 6,859,839
EFC	33	\$ 3,745,305	\$ 5,778,452	\$ 5,432,415	\$ 14,956,172
MVC	30	\$ 1,280,251	\$ 6,953,739	\$ 4,119,419	\$ 12,353,408
NLC	59	\$ 3,022,142	\$ 13,354,672	\$ 10,594,336	\$ 26,971,150
RLC	24	\$ 36,663	\$ 1,307,001	\$ 3,320,066	\$ 4,663,730
CET	1	\$ -	\$ 27,458	\$ -	\$ 27,458
BJP	6	\$ 600,192	\$ 377,548	\$ 67,895	\$ 1,045,634
DO	1	\$ -	\$ -	\$ 67,895	\$ 67,895
DSC	22	\$ 219,301	\$ 232,193	\$ 439,960	\$ 891,453
Totals	264	\$ 16,829,645	\$ 38,019,687	\$ 31,100,348	\$ 85,949,680
Grand Total					\$ 85,949,680

Facilities Projects – What Else?

- Maintenance Project List \$86 million
 - Funding TBD
 - Roughly \$21 million for parking lots/roads
- ADA – projects to comply
with recent changes in laws \$12 million
 - Unused MTN, GO Bonds & debt service reserves
- Retrofit closets – upgrade
all phones to IP technology \$12 million
 - on-hold, for as long as possible

Funding our Priorities – Compensation

- State Appropriations: not likely to increase
- Tuition: rate increase would be needed
- Local Taxes: tax base flat, at best. Rate increase would be needed.

Funding our Priorities – Facilities Projects

- State Appropriations: never intended to cover buildings, maintenance & repairs.
- Tuition: rate increase would be needed
- Local Taxes: tax base flat, at best. rate increase would be needed.
- Debt: Even owing \$575 million in principal & interest, DCCCD does have additional capacity
- Designate Operating Funds freed-up from repayment of MTN (partial in FY13; fully available in FY14)

Summary of Debt, 2/28/2012

	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>	<u>Retirement</u>
General Obligation Bonds	\$372,095,000	\$173,887,888	\$20,500	\$546,003,388	FY 2030
Revenue Bonds	\$21,450,000	\$4,963,923	\$2,700	\$26,416,623	FY 2021
Maintenance Tax Notes	<u>\$2,170,000</u>	<u>\$78,663</u>	<u>\$300</u>	<u>\$2,248,963</u>	FY 2013
Total	\$395,715,000	\$178,930,474	\$23,500	\$574,668,974	

Funding our Priorities

- **Tuition:** in general,
\$1/credit hour* increase = \$1.7 million, full yr
(\$980K, if implemented in Spring)
- **Local “M & O” Taxes:**
\$0.001 increase/\$100 valuation = \$1.6 million
- **Operating Funds Freed Up from MTN Debt:**
\$4.25 million in FY13; \$6.5 million thereafter

* in district rate, with proportionate increases in out-of-district & out-of-state/country

About Property Taxes... from



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

Property values determine each taxpayer's share of the total taxes.

Changes in property values may affect the tax bills of individual owners, but they do not necessarily increase or decrease the total amount of taxes to a taxing unit.

A taxing unit's budget determines the total amount of taxes. A change in the tax rate by itself does not reflect an increase or decrease in taxes. Total taxes increase only when government spending increases.

The only meaningful way to compare tax rates is to compare the amount of tax revenue they produce.

http://www.window.state.tx.us/taxinfo/proptax/tx96_295/rates.html

About Property Taxes... from



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

The **effective tax rate** would provide the taxing unit with approximately the same amount of revenue it had the year before on properties taxed in both years. For example, if property values go up, the effective tax rate goes down.

http://www.window.state.tx.us/taxinfo/proptax/tx96_295/rates.html

About Property Taxes... from



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

The **rollback rate** provides the taxing unit approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an **extra 8-percent** cushion, and sufficient funds to pay its debts in the coming year.... If a unit adopts a tax rate that is higher than the rollback rate, voters in the unit can circulate a petition calling for an election to roll back (or limit) the size of the tax increase.

http://www.window.state.tx.us/taxinfo/proptax/tx96_295/rates.html

M & O Tax Discussion

- **Effective Tax Rate:** the rate we must assess in FY2013 to generate the same M & O taxes as we do in FY2012.
- *Assuming no change in property values:*
\$0.0789/\$100 valuation (current rate)
- Tax codes provide for up to 8% increase to cover increased costs and needs, without risk of rollback. A 7.99% increase would be an additional **\$0.0063/\$100 valuation***

**Estimate for discussion and planning purposes, subject to change with actual values and Tax Assessor/Collector's calculations*

M & O Tax Discussion (continued)

- ***estimated* statutory increase to Effective Tax Rate**
 - **\$0.0063/\$100 valuation**
 - **Generates additional \$10,080,000 in M & O Tax Revenue for DCCCD**
 - **Cost to owners of \$150,000 home: \$7.56/yr in additional property tax (a total of \$102.24)**

Tuition Discussion – General

Possible tuition increase, Spring 2013

➤ Tie to CPI change, 2/2009 – 2/2011

✓ 4.25%

✓ \$2/credit hour*

✓ **Additional \$3.4 million/year (\$1.97 million, implemented in Spring)**

➤ Parallel % increase in M&O tax rate

✓ 7.99%

✓ \$4/credit hour*

✓ **Additional \$6.8 million/year (\$3.94 million, implemented in Spring)**

* in district rate, with proportionate increases in out-of-district & out-of-state/country

Tuition Discussion – Dual Credit

- DCCCD waives 100% of dual credit tuition (except on-line offered outside of service area)
- In most contracts with ISD's, DCCCD participates in cost of instruction (DCCCD pays ISD's based on adjunct rate for each dual credit class/section offered)
- Generally speaking, ISD's use DCCCD payments to purchase required college texts.
- College Presidents state preference for reducing tuition waiver to reducing or eliminating payments to ISD's.

Tuition Discussion – Dual Credit (continued)

- Dual Credit tuition waived:
 - FY 2009: \$3.9 million
 - FY 2010: \$4.7 million
 - FY 2011: \$5.3 million
- Suggestion: **Reduce Waiver; increase net Tuition Revenue**
 - Change to a 75% waiver
 - Recover **\$1.32 million** (based on FY 2011)

Needs – Focus Items

- Compensation:
 - COLA “Catch Up”, for everyone \$10.5 million
 - Faculty Pay Issues, amount TBD \$ 2.5 million
 - Other: Administrative & PSS \$ 0.8 million
 - Total *Annual Estimate*, up to **\$13.8 million**
- Facilities Projects
 - Total List \$86.0 million
 - Accomplished over 7 years **\$12.3 million/yr**
- Total **\$26.1 million/yr**

Potential Sources to Fund Focus Items

- M&O Tax increase (7.99% > ETR) \$10.1 million
 - “Parallel” increase to Tuition Rate \$ 3.9 million
 - Reduce Dual Credit Waiver by 25% \$ 1.3 million
 - Designate money freed-up from
MTN to Facilities Projects, up to \$ 5.5 million
- Total Potential Sources **\$20.8 million**

Out of Balance: Focus Items vs. Sources

The gap between to \$26.1 million in “needs” and the \$20.8 million in *potential* sources will be bridged by further analysis, discussion, prioritization/reprioritization and resulting decisions.

Multi-Year Financial Outlook and Plan FY 2012 – 2014 Interim Update - March 6, 2012

* FY12 Revenue & Expenditures are undergoing revision for presentation to Board in May 2012; figures shown are Board-approved, December 2011.

2013 – 2014 Revenue Assumptions

	<u>FY 2013</u>	<u>FY 2014</u>
Credit Enrollment	flat	flat
Tuition Rate	\$45	\$45
State Formula Funding	\$500K decrease	3% decrease
Tax Base	Flat	Flat
Tax Rate – M&O	\$0.0789	\$0.0789

note: Spring 2013 is next point on 2-year cycle of tuition increases

2013 – 2014 Expenditures Assumptions and Provisions

	<u>FY 2013</u>	<u>FY 2014</u>
Faculty Market Disparity	\$445,445	\$445,445
Visiting Scholar Provision	\$966,000	\$966,000
Mid-Year Growth Provision	\$0	\$0
Provision for Retention Initiatives	\$0	\$0
Technology "Edge" Provision	\$500,000	\$500,000
Provision for ATB Salary Adjustments	\$0	\$0
Provision for Faculty Formula Review	n/a	\$1,000,000
Provision Change in State Funding	\$1,500,000	\$1,500,000
Provision for Planned Maintenance – Facilities	\$4,250,000	\$5,500,000

Estimated Revenue 2012 - 2014

	<u>FY 2012*</u>	<u>FY 2013</u>	<u>FY 2014</u>
State Revenue	89,955,380	89,455,380	86,771,719
Federal Funds - Work Study	1,037,885	1,037,885	1,037,885
Tuition: Credit & Non Credit	91,353,559	89,353,559	89,353,559
Taxes	120,222,660	120,222,660	120,222,660
Investment Revenue	2,726,000	2,726,000	2,726,000
Other Revenue	<u>3,257,735</u>	<u>3,290,312</u>	<u>3,314,990</u>
Total	308,553,219	306,085,796	303,426,812

Estimated Expenditures 2012 - 2014

	<u>FY 2012*</u>	<u>FY 2013</u>	<u>FY 2014</u>
College Operations	252,782,940	253,095,861	253,095,861
Percent of Change		0.1%	0.0%
 District Operations	 25,922,660	 25,922,660	 25,922,660
Percent of Change		0.0%	0.0%
 Virtual College Operations	 3,801,595	 3,801,595	 3,801,595
Shortfunded Benefits	12,074,260	12,074,260	12,074,260
Election Expense	780,344		500,000
Reserves & Transfers	<u>13,191,420</u>	<u>11,191,420</u>	<u>8,032,436</u>
Total	308,553,219	306,085,796	303,426,812
Percent of Change		-0.8%	-0.9%

Budgetary Objectives

- Maintain low cost of tuition
 - Remain “fee free”
 - Specific high cost user fees (i.e. assessment costs) could be considered?
- Maintain low tax rate
- Declining State support expected
- Avoid further debt?
- Reduce costs; maintain control of costs
- Avoid enrollment caps