

Dallas County Community College District

First Draft

Multi-Year Financial Outlook and Plan
FY 2009 – FY 2011

DCCCD Board Planning and Budget
Committee Meeting, November 18, 2008

2009 – 2011 Revenue Assumptions

| | <u>FY 2010</u> | <u>FY 2011</u> |
|-------------------|----------------|----------------|
| Credit Enrollment | 3.5% increase | 4.0% increase |
| Tuition Rate | no change | increase TBD |
| State Funding | 4.0% increase | no change |
| Tax Base | 2.0% increase | 1.5% increase |

2009 – 2011 Expenditures Assumptions and Provisions

| | <u>FY 2010</u> | <u>FY 2011</u> |
|--|----------------|----------------|
| New Square Footage | 854,328 s.f. | 208,097 s.f. |
| Provision - expanded facilities (colleges & district ops) | \$9,294,297 | \$11,689,500 |
| Increase - community campuses | \$1,459,483 | \$1,738,194 |
| Visiting Scholar Provision | \$1,978,000 | \$1,978,000 |
| Mid-Year Growth Provision | \$1,000,000 | \$1,000,000 |
| Provision for Retention Initiatives | \$1,750,000 | \$1,750,000 |
| Technology "Edge" Provision | \$1,250,000 | \$1,250,000 |
| Provision for ATB Salary Adjs - FY10 | \$5,700,000 | \$5,700,000 |
| Provision for ATB Salary Adjs - FY11 | | \$6,000,000 |
| Provision for Job Reclassifications | \$250,000 | \$500,000 |
| Provision for Planned Maintenance – Facilities (fund balance) | \$10,000,000 | \$10,000,000 |

2009 – 2011 Fund Balance Minimums

Board policy requires a minimum of 4 months expenditures in fund balance.

Estimated Requirement for FY Ending 8/31/10 \$107,625,000

Estimated Requirement for FY Ending 8/31/11 \$110,883,000

Estimated Revenue 2009 - 2011

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> |
|---------------------|-------------------|-------------------|-------------------|
| State Revenue | 89,646,724 | 93,226,652 | 93,226,652 |
| Federal Funds | 887,169 | 887,169 | 887,169 |
| Tuition | 68,343,154 | 70,538,724 | 73,093,113 |
| Taxes | 126,851,795 | 129,388,831 | 131,329,663 |
| Investment Revenue | 6,225,000 | 6,225,000 | 6,225,000 |
| Other Revenue | 2,773,524 | 2,773,524 | 2,773,524 |
| Use of Fund Balance | <u>27,564,535</u> | <u>10,000,000</u> | <u>10,000,000</u> |
| Total | 322,291,901 | 313,039,900 | 317,535,121 |

Estimated Expenditures 2009 - 2011

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| College Operations: | | | |
| Allocation | 257,973,400 | 248,624,177 | 254,777,362 |
| Community Campuses | 5,319,573 | 6,779,056 | 7,057,767 |
| Expanded Facilities | <u>0</u> | <u>8,497,870</u> | <u>10,863,413</u> |
| Total College Operations | 263,292,973 | 263,901,102 | 272,698,542 |
| Percent of Change | | 0.2% | 3.3% |
| District Operations | 28,135,921 | 27,381,875 | 27,966,059 |
| Percent of Change | | -2.7% | 2.1% |
| Virtual College Operations | 3,181,328 | 3,181,328 | 3,181,328 |
| Reserves and Transfers | <u>27,681,679</u> | <u>28,412,475</u> | <u>28,804,567</u> |
| Total | 322,291,901 | 322,876,780 | 332,650,496 |

Gaps Using Assumptions

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> |
|---------------------------------------|--------------------|--------------------|--------------------|
| Estimated Revenue | 322,291,901 | 313,039,900 | 317,535,121 |
| Estimated Expenditures | <u>322,291,901</u> | <u>322,876,780</u> | <u>332,650,496</u> |
| Estimated Operations Gap | 0 | 9,836,880 | 15,115,375 |
| Est. Fund Balance Gap Based on Policy | | <u>7,310,000</u> | <u>13,258,000</u> |
| Total Gap | | 17,266,880 | 28,373,375 |
| Tuition Rate - In District | 41 | 41 | 47 |
| Tuition Rate - Out of District | 76 | 76 | 87 |
| Tuition Rate - Out of State | 121 | 121 | 139 |
| M & O Tax Rate Needed | 0.07590 | 0.08880 | 0.10306 |

Possible Measures to Avoid or Reduce Need for Tax Increase

- Assumptions:
 - No salary increases or only minimal increases
 - Cut or reduce mid-year enrollment growth provision
 - Cut or reduce provision for retention initiatives
 - Cut or reduce “edge” technology provision
 - Defer facilities planned maintenance projects
 - Lower funding for expanded facilities

Possible Measures to Avoid or Reduce Need for Tax Increase

- Reduce Existing Costs
 - Hiring “chill”
 - Use of Adjunct Faculty
 - Reduce travel
 - Reduce technology acquisitions
 - Defer planned maintenance projects
 - Invest in increased energy efficiency measures
 - Savings from retirements

For Consideration

- Develop blended strategy:
 - Reduction in existing expenditure patterns and implementation of measures for even higher efficiencies
 - coupled with
 - Modest tax rate increase

What Conditions Could Improve Outlook?

- State Funding that provides more than a 4% increase
- Greater than anticipated growth in tax base
- Larger than projected enrollment increase

What Conditions Could Make Outlook Decline?

- Lower than anticipated state funding
- No growth in tax base
- No growth in enrollment

What If....No Growth in Tax Base?

Assuming same increase in state funding
and same enrollment increases AND
same expenditures assumptions:

2009-2010 Tax rate would have to be
0.09049 (19.22% increase)

2010-2011 Tax rate would have to be
0.10701 (18.26% increase)

2010-2011 Tuition rates would have to be
\$48/\$89/\$142

What If....No Growth in Tax Base, In State Funding and Enrollments?

Assuming revenue flat from 2009-2010 AND
same expenditures assumptions:

2009-2010 Tax rate would have to be
0.09374 (23.51% increase)

2010-2011 Tax rate would have to be
0.11355 (21.13 % increase)

2010-2011 Tuition rates would have to be
\$50/\$93/\$148

Disclaimer

The preceding presentation and projections contained herein are considered to be a “first draft” for discussion purposes only. The projections are based on most current information available and best guesses possible to date. Management will use resulting Board conversation as guidance in focusing next draft of multi-year financial plan.

Not the End