

Finance & Audit Committee Meeting

July 28, 2020



**COLLIN
COLLEGE**

Fiscal Year 2020-2021 Proposed Budget

July 28, 2020



**COLLIN
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FY2020-21 Revenue Budget Overview

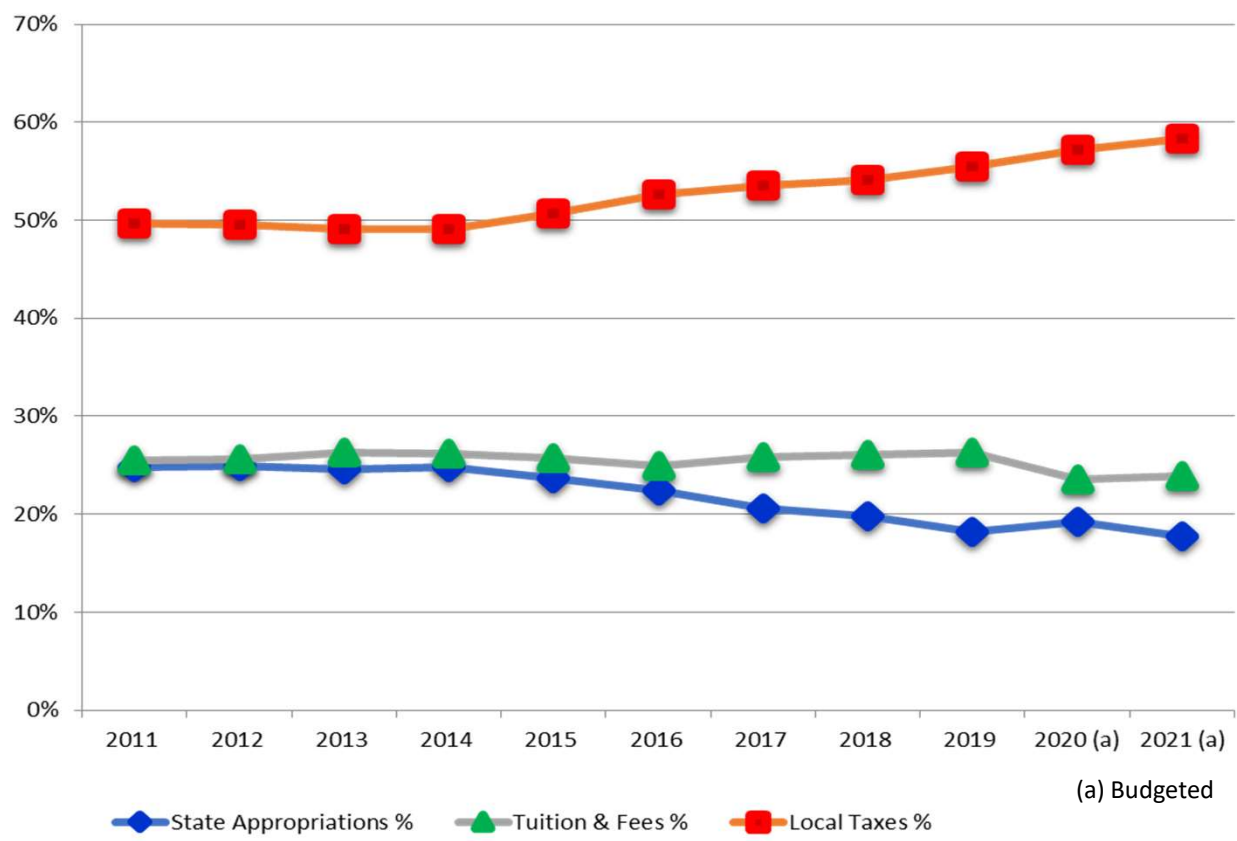
(Stated in Millions)

	2020-21 Budget	2019-20 Budget	Increase/ (Decrease)	Percent Change
Unrestricted Funds				
State Appropriations - General Revenue	\$39.8	\$39.8	-	0.0%
Tuition and Fees	53.7	48.8	4.9	10.0%
Scholarship Allowances	(8.)	(7.7)	(.3)	3.9%
Taxes for Current Operations	131.0	118.6	12.4	10.4%
Investment Income	4.2	7.6	(3.4)	-44.5%
Miscellaneous	2.2	2.2	.0	1.1%
Auxiliary Fund	4.9	3.2	1.6	50.5%
Total Unrestricted Funds	\$227.8	\$212.5	15.2	7.2%
Restricted Funds				
Grants and Contracts	36.6	33.1	3.5	10.7%
State Allocation - On-behalf Benefits	9.0	8.6	.4	4.7%
Debt Service - General Obligation Bonds	4.8	4.9	(.1)	-2.2%
2020 Limited Tax Bond Series	-	206.1	(206.1)	-100.0%
Total Restricted Funds	\$50.4	\$252.7	(202.3)	-80.1%
Total Revenue	\$278.2	\$465.2	(187.)	-40.2%

Highlights of the Proposed 2020-21 Budget - Revenue

- **State Revenue**
 - \$39.8 million
 - No increase from FY20
 - 2nd year of biennium
- **Tuition and Fees**
 - \$4.8 million increase – 9.98%
 - Projecting a 4% increase in student credit hours.
 - Budgeting a 6.3% increase in CE revenue
- **Property Tax - Unrestricted**
 - \$12.4 million increase – 10.44%
 - Using the same rate as FY20 - \$0.081222
- **Investment Income**
 - \$3.4 million decrease
- **Auxiliary Fund**
 - \$1.6 million increase due to higher student housing occupancy
- **Grants and Contracts**
 - \$3.5 million increase

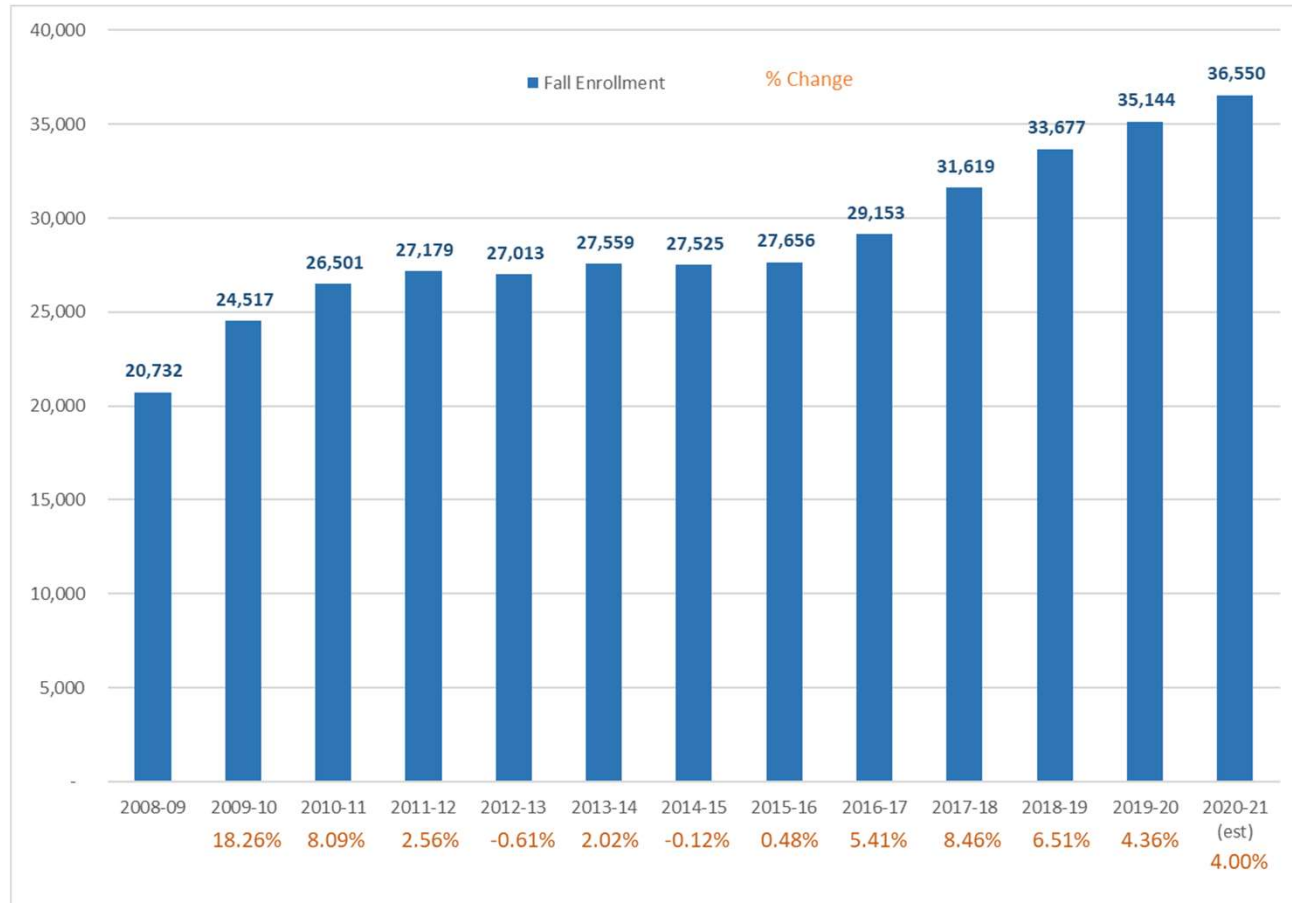
Collin College Local Taxes, State Appropriations and Tuition/Fees Revenue % Share



Source: Collin College Finance

Enrollment Growth

Fall Enrollment



Source: Collin College Finance

FY2020-21 Expense Budget Overview

(Stated in Millions)

	2020-21 Budget	2019-20 Budget	Increase/ (Decrease)	Percent Change
Instruction	\$94.2	\$81.8	\$12.4	15.2%
Public Service	.1	.1	.0	4.4%
Academic Support	23.9	19.9	4.0	20.2%
Student Services	21.7	16.5	5.2	31.7%
Institutional Support	54.6	55.5	(.97)	-1.7%
Operation and Maintenance of Plant	26.3	18.7	7.6	40.4%
Scholarship Allowances	(8.0)	(7.7)	(.3)	3.9%
Auxiliary Fund	5.7	4.2	1.5	36.7%
Reserve for Supplemental Requests	4.7	7.2	(2.46)	-34.2%
Building Fund		118.1	(118.13)	-100.0%
Total Expenses	\$223.1	\$314.3	(91.1)	-29.0%
Restricted Funds				
Grants and Contracts	36.6	33.1	3.5	10.7%
State Allocation - On-behalf Benefits	9.0	8.6	.4	4.7%
Debt Service - General Obligation Bonds	35.2	23.5	11.6	49.5%
2018 Limited Tax Bond Series	-	34.4	(34.4)	-100.0%
2020 Limited Tax Bond Series	133.1	87.4	45.7	52.3%
Total Restricted Funds	\$213.9	\$187.0	26.9	14.4%
Total Expenses	\$437.0	\$501.3	(64.3)	-12.8%

FY20-21 Unrestricted Expenses Without New Campuses

(Stated in Millions)

	New Campus Operating Expenses are:				
	Excluded				Included
	2020-21 Budget	2019-20 Budget	Increase/ (Decrease)	Percent Change	Percent Change
Instruction	\$81.8	\$80.7	\$1.1	1.4%	15.2%
Public Service	.1	.1	.0	4.4%	4.4%
Academic Support	17.1	15.1	2.0	13.1%	20.2%
Student Services	17.7	15.5	2.2	14.4%	31.7%
Institutional Support	52.3	54.2	(1.82)	-3.4%	-1.7%
Operation and Maintenance of Plant	19.0	17.6	1.3	7.5%	40.4%
Scholarship Allowances	(8.0)	(7.7)	(.3)	3.9%	3.9%
Auxiliary Fund	5.7	4.2	1.5	36.7%	36.7%
Reserve for Supplemental Requests	4.7	7.2	(2.46)	-34.2%	-34.2%
Total Expenses	\$190.4	\$186.8	\$4	1.9%	13.7%

2020-21 Current Unrestricted Expenses Budget Cost Drivers (In \$ Millions)

- **No raises have been budgeted for staff and faculty.**
 - **Potential raises will be discussed prior to the mid year budget review by the Board of Trustees scheduled for February 2021.**
- **Change in overload pay/summer pay - \$750k**
- **\$1.0 increase in reserves.**
 - **\$1.0 to establish a COVID reserve**
 - **\$3.5 decrease in Innovation reserve**
 - **\$2.2 decrease in Supplemental requests reserve**
 - **\$1.7 increase in Encumbrance reserve – delay in supplier delivery time for open purchase orders**
 - **\$5.4 to establish Celina and Farmersville startup and stabilization reserves**
- **\$26.8 in expenses for the Wylie Campus and Technical Campus in FY21 compared to \$9.3 in FY20**

2020-21 Current Unrestricted Expenses Budget Cost Drivers (In \$ Millions)

- **Start Up and Stabilization Costs**
 - **Celina – Start up costs of \$2.4**
 - **Fall 2021 classes**
 - **Salary and benefits - \$1.6**
 - **Operating expenses - \$0.8**
 - **Farmersville – Start up costs of \$2.9**
 - **Spring 2021 classes**
 - **Salary and benefits - \$2.1**
 - **Operating expenses - \$.8**
 - **IT Center– \$TBD**
 - **Additional funding, if needed, will be requested at the mid-year budget review.**
 - **Fall 2021 classes**
 - **Wylie and Tech - \$0.5**
 - **Equipment for programs beginning in Spring 2021 – LVN, Biomedical Equipment Technology, Agriculture, Rehab Aide, Pharmacy Tech.**

2020-21 Current Unrestricted Expenses Budget Cost Drivers (In \$ Millions)

- **Supplemental Requests**
 - **Staff Full Time**
 - Initial requests: 33 positions
 - Approved requests: 24 positions for \$1.0
 - 2 FT positions converted to PT
 - **Staff Part Time**
 - Initial requests: 5 positions
 - Approved: 4 new positions \$.092

- **Faculty FT**
 - **Frisco Campus** - 8 new FT Faculty
 - **McKinney Campus** — 17 new FT Faculty
 - **Plano Campus** — 10 new FT Faculty
 - **Tech Campus** — 19 new FT Faculty
 - **Wylie Campus** — 6 new FT Faculty

Highlights of the Proposed 2020-21 Budget – Expenses (In \$ Millions)

➤ Restricted and Capital

▪ Grants and Contracts	\$ 3.5 increase
▪ Depreciation Expense	\$ 4.3 increase
▪ Building Fund	\$118.0 decrease
▪ 2018 Limited Tax Bond Series	\$ 34.4 decrease
▪ 2020 Limited Tax Bond Series	\$ 45.7 increase
○ Technical Campus	\$ 1.2
○ Wylie Campus	\$ 0.9
○ Celina Campus	\$ 31.5
○ Farmersville Campus	\$ 11.6
○ IT Center	\$ 43.5
○ HVAC – UV Project	\$ 3.0
○ Frisco & McKinney Renovations	\$ <u>41.4</u>
Total	\$133.1

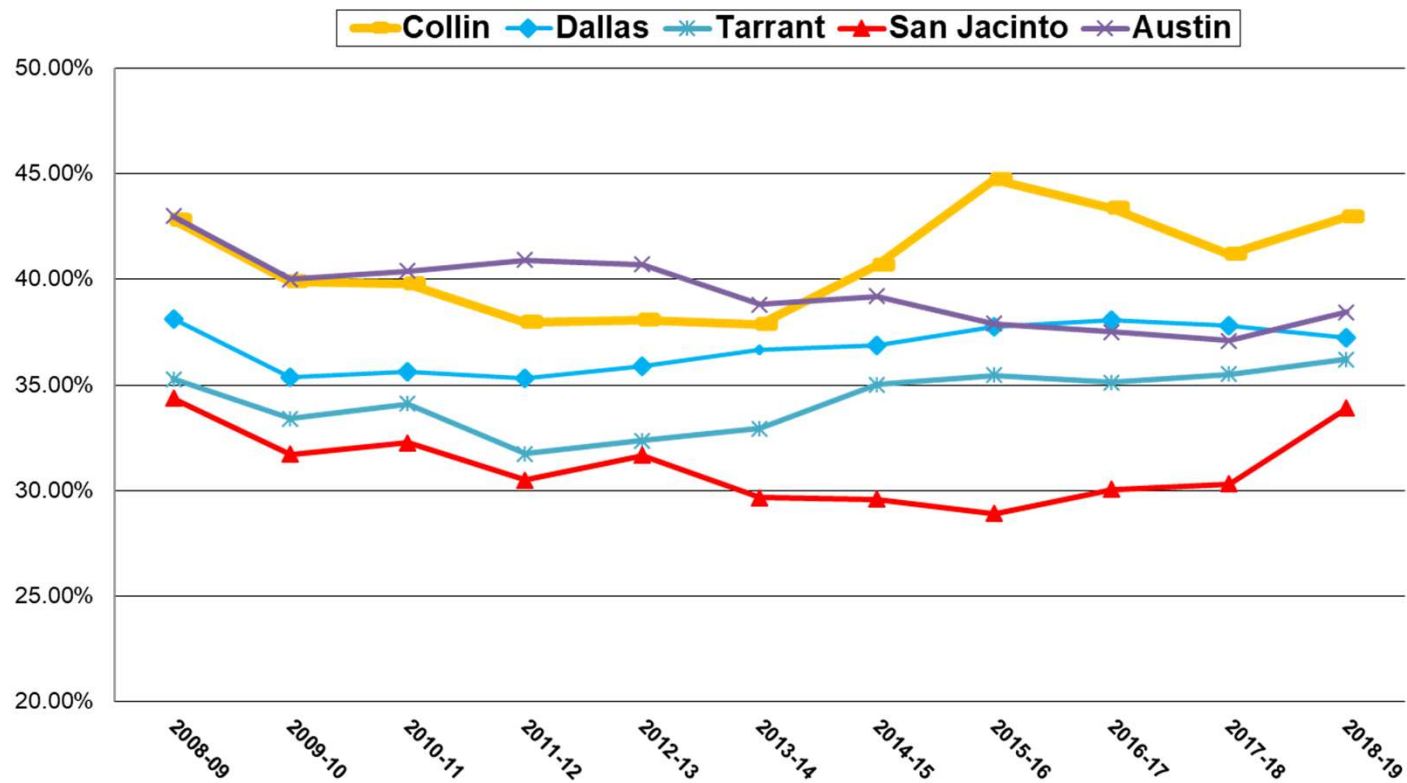
Highlights of the Proposed 2020-21 Budget – Expenses (In \$ Millions)

- **Transfer from Unrestricted to Debt Service** **\$ 10.3 increase**
- **Debt Service – GO Bonds** **\$ 11.6 increase**

	20/21	19/20	
	Budget	Budget	Difference
Bond Principal - Series 2010	\$2.76	\$2.64	\$.13
Bond Interest - Series 2010	.32	.44	(.12)
Bond Principal - Series 2018	8.21	7.89	.32
Bond Interest - Series 2018	9.25	9.56	(.32)
Bond Principal - Series 2020	1.92		1.92
Bond Interest - Series 2020	12.72	3.	9.72
Total Expenses	\$35.17	\$23.52	\$11.64

- **The Finance and Audit Committee will be discussing the approval of a resolution to do a cash defeasance of Series 2010 Bonds.**

% of Expenditures on Instruction



Source: Community College CAFRs & CARAT Report

Estimated Change in Unrestricted Net Position

	20-21	19-20	
	Budget	Budget	Change
Net Position - beginning of year	\$152.7	\$155.2	\$(2.53)
Revenues	221.7	207.0	14.7
Expenses	217.4	191.8	25.6
Transfers - Additions (deductions)	(36.49)	(17.71)	(18.78)
Net increase (decrease for the fiscal year)	(32.15)	(2.53)	(29.62)
Net Position - end of year	\$120.5	\$152.7	\$(32.15)

Fiscal Year 2020-2021 Estimated Tax Rate

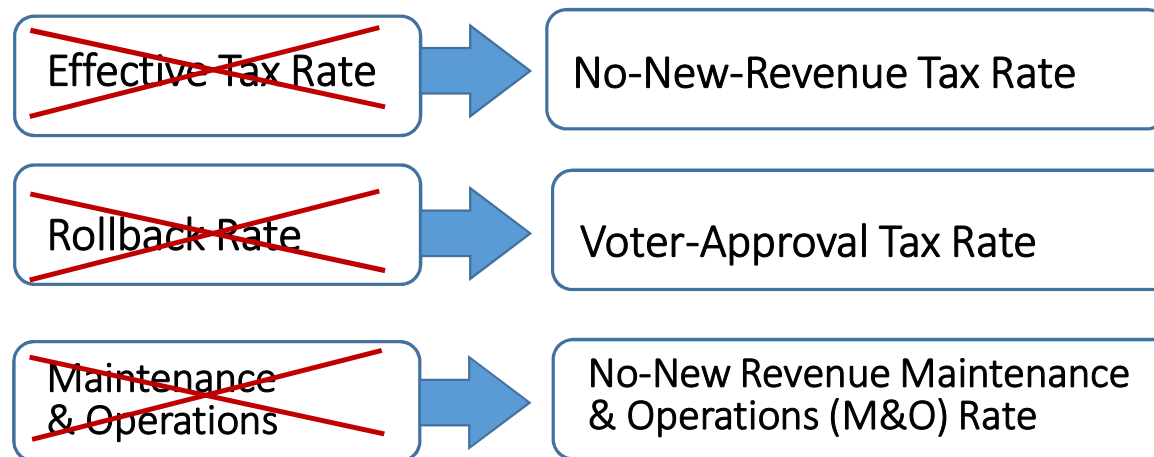
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Introducing a new TNT (Truth-in-Taxation)

- Senate Bill 2, 86th Legislative Session made several significant changes to the truth-in-taxation process.

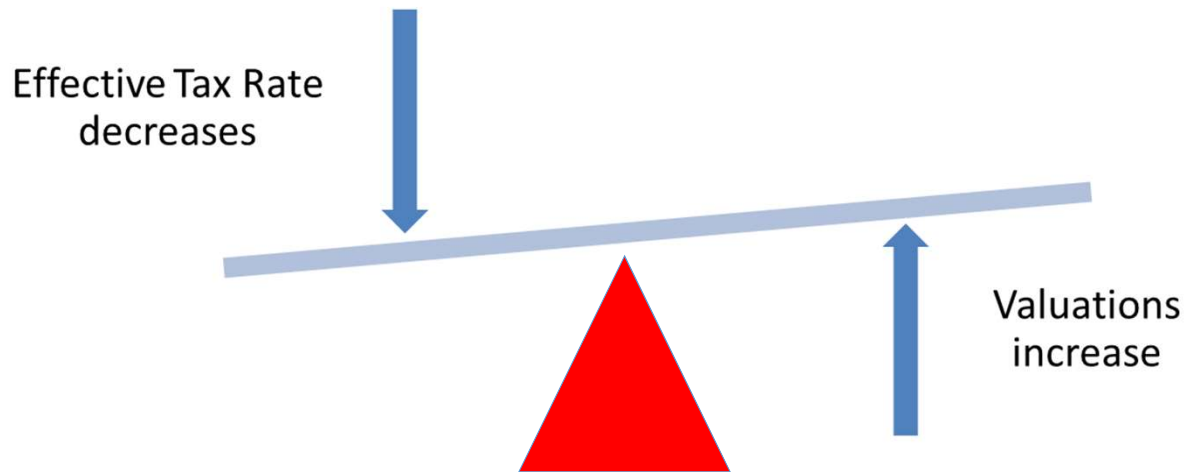


“Truth in Taxation”

- A concept embodied in the Texas Constitution and the Tax Code
- Requires taxing entities to make taxpayers aware of tax rates and proposals
- Compares last year’s tax rate/revenue to this year’s calculated **No-New-Revenue Tax Rate** (Effective) and **Voter-Approval Tax Rate** (Rollback)
- Very strict rules on timing and information of public hearings and published notices

No-New-Revenue (Effective) Tax Rate

The tax rate that would give us the same amount of money as last year given the new valuations



Voter-Approval (Rollback) Rate



**No-New-Revenue (Effective) Rate plus 8% Debt Tax Rate
sufficient to pay this year's debt (or provide funds from other
resources)**



Voter-Approval (Rollback) Rate

If the Board adopts a tax rate higher than the Voter-Approval (Rollback) Rate, the voters can circulate a petition calling for an election to limit ("rollback") the size of the tax increase

Two Parts to the Tax Rate/Revenue

“M&O”

- Maintenance and Operations
- Covers facilities, salaries, utilities, day-to-day operations
- Can be used for any lawful purpose, including debt service

“Debt”

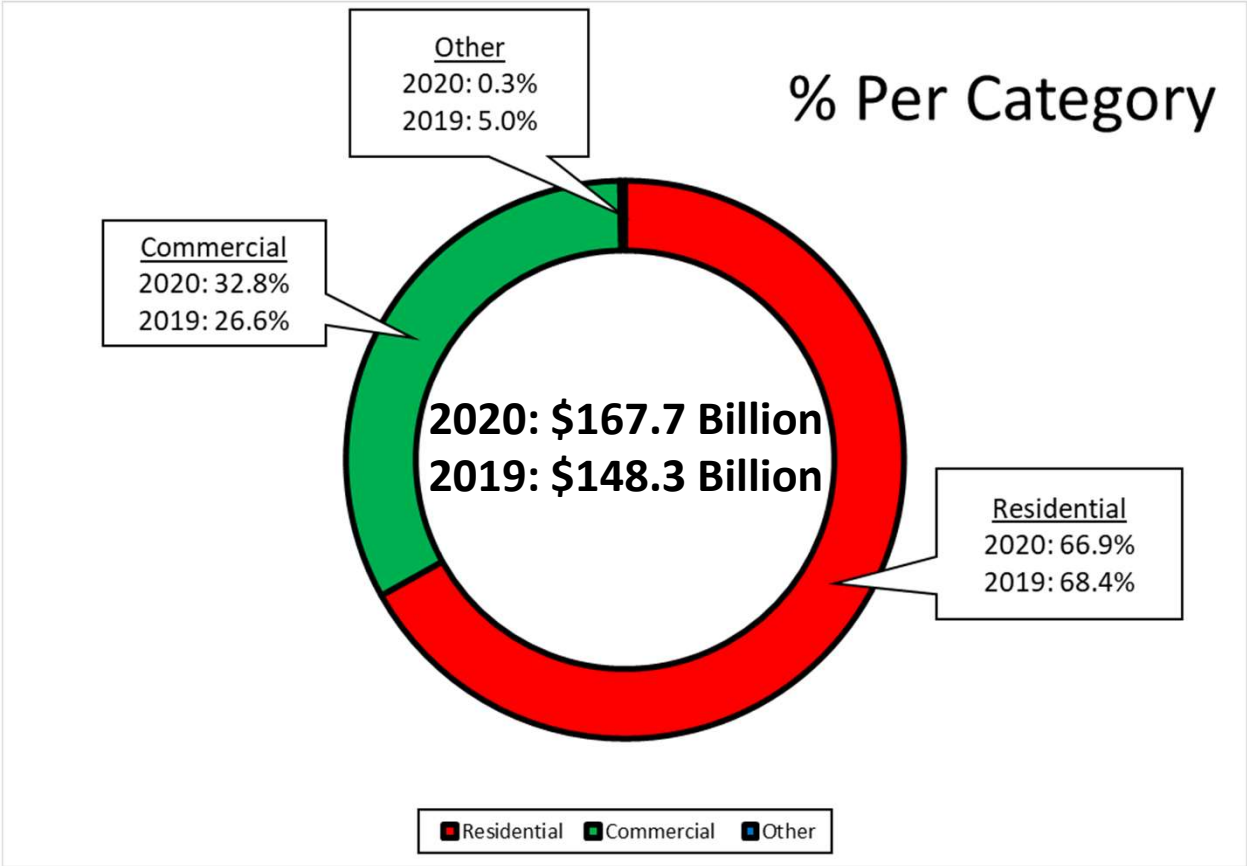
- Covers Principal and Interest on bonds issued and secured by the property tax revenues
- Can only be used for debt service costs

TAV Values from the CCAD

	Tax Year 20 Fiscal Year 21	Tax Year 19 Fiscal Year 20	Tax Year 18 Fiscal Year 19	Tax Year 17 Fiscal Year 18	Tax Year 16 Fiscal Year 17	Tax Year 15 Fiscal Year 16
Preliminary Estimate TAV	158,990,000,000	151,500,000,000	138,800,000,000	122,800,000,000	106,534,524,000	94,897,143,877
Certified Estimate TAV	158,700,000,000	152,500,000,000	139,900,000,000	123,400,000,000	108,409,531,622	96,018,036,000
Certified TAV	159,525,206,817	152,009,993,287	138,138,232,532	125,262,578,238	109,480,845,447	96,564,763,509
% Change from Preliminary to Certified Estimate	99.82%	100.66%	100.79%	100.49%	101.76%	101.18%
% Change from Preliminary to Certified	100.34%	100.34%	99.52%	102.01%	102.77%	101.76%
% Change in Preliminary from prior year	4.94%	9.15%	13.03%	15.27%	12.26%	
% Change in Certified Estimate from prior year	4.07%	9.01%	13.37%	13.83%	12.91%	
% Change in Certified from prior year		10.04%	10.28%	14.42%	13.38%	





The CCAD is scheduled to release the Estimated Certified Totals on July 27th. The Tax Assessor and Collectors Office will then provide additional information on when the District will receive our official rates.

Collin County Property Values % by Type



Source: Collin County Appraisal District

Collin College Preliminary Effective and Rollback Rate Calculations

<u>Tax Year</u>	<u>Rate Type</u>	<u>Combined</u>	<u>Collin College Taxes on "Average" Home</u>	
2019	Actual	\$ 0.081222	\$ 304.30	
2020	No-New Revenue (Effective)	\$ 0.077088	\$ 290.44	
2020	Voter Approval (Rollback)	\$ 0.083255	\$ 313.67	
2020	Budgeted	\$ 0.081222	\$ 306.01	

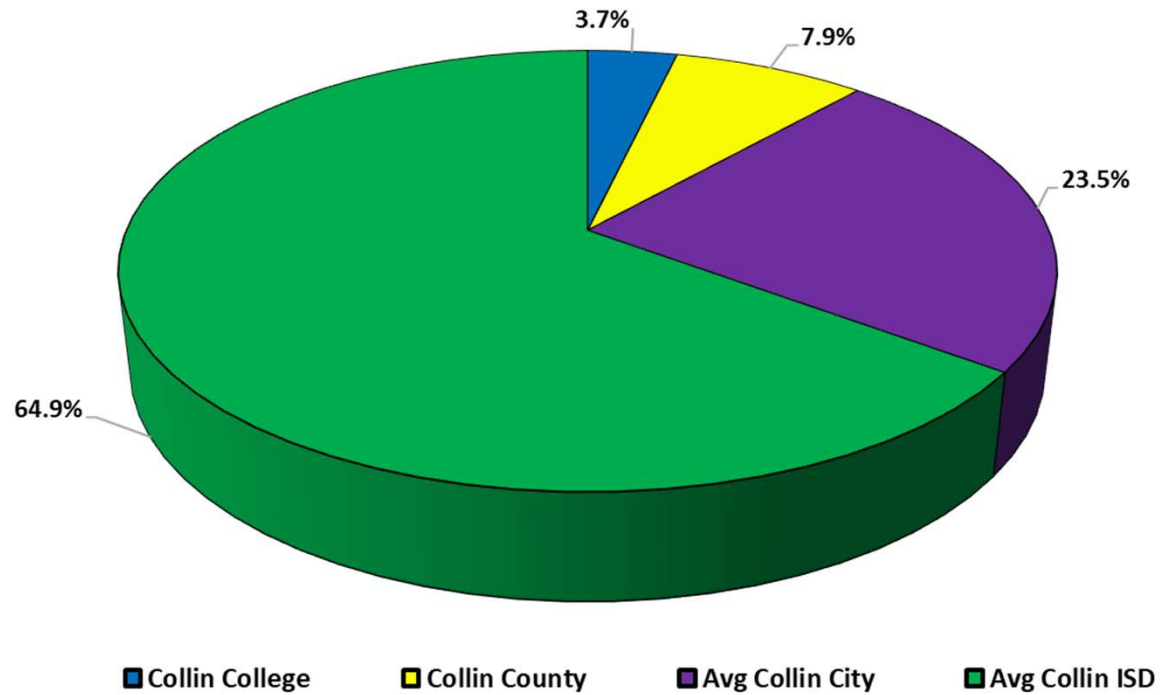
At the average taxable value of a residence homestead of \$376,758, a homeowner will pay an additional \$1.71 at the same Combined Tax Rate due to increased property value.

Note: The Effective and Rollback rates are preliminary numbers pending receipt of additional data from the Collin Appraisal District and the Tax Assessor and Collectors Office.

Academic Year 2019-20 Total Tax Rates Texas Public Community Colleges

Rank	College District	Total	Rank	College District	Total	Rank	College District	Total
1	Frank Phillips	0.72000	18	Temple	0.18860	35	Tarrant	0.13017
2	South Plains	0.39270	19	Odessa	0.18679	36	Northeast	0.13000
3	Ranger	0.37498	20	Alvin	0.18586	37	Central	0.12790
4	Laredo	0.32864	21	San Jacinto	0.17817	38	Dallas	0.12400
5	Brazosport	0.30018	22	Coastal	0.17687	39	Texarkana	0.12308
6	Del Mar	0.28067	23	Kilgore	0.17500	40	Navarro	0.11640
7	Western	0.26550	24	South Texas	0.17330	41	Weatherford	0.11495
8	Panola	0.25112	25	Grayson	0.17175	42	Lone Star	0.10780
9	Clarendon	0.23660	26	Galveston	0.17119	43	Austin	0.10490
10	Lee	0.23010	27	Angelina	0.17096	44	North Central Texas	0.10130
11	Amarillo	0.22790	28	Trinity Valley	0.16241	45	Houston	0.10026
12	Vernon	0.22106	29	Southwest	0.16140	46	Hill	0.09194
13	Victoria	0.22060	30	Alamo	0.14915	47	Midland	0.09121
14	Howard	0.21064	31	McLennan	0.14770	48	Paris	0.08450
15	College of the Mainland	0.20425	32	El Paso	0.14117	49	Collin	0.08122
16	Cisco	0.20000	33	Wharton	0.13934	50	Blinn	0.05600
17	Tyler	0.19993	34	Texas Southmost	0.13854		State Average	0.18737

Percentage of Total Tax Rate



Public Hearings and Publications

If an adopted rate exceeds the No-New-Revenue (Effective) or the Voter-Approval (Rollback) rate (whichever is lower), the taxing unit must hold a public hearing and publish several notices

Even if the **tax rate** isn't changing, the **expected revenue** is increasing.

Collin College Tax Calendar

Date	Activity
August 4, 2020	Take record vote at Regular Board Meeting to place on future meeting as an action item, specifying the tax rate, and schedule a public hearings (since tax rate > effective rate)
August 11, 2020	Post the notice prominently on the homepage of the College's website.
August 13, 2020	"Notice of Public Hearing on Tax Increase" is the first quarter-page notice in newspaper and on website, published at least 7 days before public hearings
August 18, 2020	Public hearing
August 25, 2020	Regular Board Meeting to include adoption of tax rate. Meeting must be 3-14 days after second public hearing

Questions?