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

<table>
<thead>
<tr>
<th>State College:</th>
<th>Total Salary Range</th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Full-Time Faculty</td>
<td>Lowest Actual Salary</td>
<td>Highest Actual Salary</td>
<td>Average Salary</td>
<td>Average Years of Service</td>
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<tr>
<td>Alamo Community College District</td>
<td>856</td>
<td>$36,445</td>
<td>$87,357</td>
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<tr>
<td>Amarillo College</td>
<td>221</td>
<td>$39,593</td>
<td>$67,707</td>
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<tr>
<td>Austin Community College District</td>
<td>571</td>
<td>$42,415</td>
<td>$95,003</td>
<td>$64,150</td>
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<tr>
<td>Collin College</td>
<td>350</td>
<td>$42,124</td>
<td>$88,248</td>
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<tr>
<td>Dallas County Community College District</td>
<td>765</td>
<td>$40,000</td>
<td>$97,452</td>
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<tr>
<td>Del Mar College</td>
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<tr>
<td>El Paso Community College</td>
<td>394</td>
<td>$38,480</td>
<td>$92,496</td>
<td>$52,684</td>
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<tr>
<td>Houston Community College System</td>
<td>781</td>
<td>$34,996</td>
<td>$72,743</td>
<td>$56,485</td>
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<tr>
<td>Lone Star College System</td>
<td>742</td>
<td>$40,207</td>
<td>$96,660</td>
<td>$56,213</td>
<td>10</td>
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<tr>
<td>Tarrant County College District</td>
<td>629</td>
<td>$47,800</td>
<td>$91,871</td>
<td>$59,019</td>
<td>10</td>
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<tr>
<td><strong>Total Faculty:</strong></td>
<td><strong>5652</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Salary:</strong></td>
<td><strong>$40,352</strong></td>
<td><strong>$86,106</strong></td>
<td><strong>$55,928</strong></td>
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</table>
## 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)*

<table>
<thead>
<tr>
<th>College District</th>
<th>Compensation for One Three-Hour Course</th>
<th>Additional Pay for Advanced Hours or Degrees</th>
<th>Additional Pay for Teaching Experience</th>
<th>Number of Full Time Faculty</th>
<th>Number of Part Time Faculty</th>
<th>Percent of Sections Taught by Part-Time Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamo Community College District</td>
<td>$2,366 $2,366</td>
<td>Yes</td>
<td>No</td>
<td>856</td>
<td>1,924</td>
<td>50%</td>
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<tr>
<td>Amarillo College</td>
<td>$1,320 $1,320</td>
<td>Yes</td>
<td>Yes</td>
<td>221</td>
<td>248</td>
<td>33%</td>
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<tr>
<td>Austin Community College</td>
<td>$2,616 $2,745</td>
<td>Yes</td>
<td>Yes</td>
<td>571</td>
<td>1,487</td>
<td>56%</td>
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<tr>
<td>Collin County Community College</td>
<td>$2,085 $2,085</td>
<td>No</td>
<td>No</td>
<td>358</td>
<td>771</td>
<td>49%</td>
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<td>Dallas County Comm. College District</td>
<td>$1,969 $1,969</td>
<td>No</td>
<td>No</td>
<td>765</td>
<td>2,384</td>
<td>45%</td>
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<tr>
<td>Del Mar College</td>
<td>$2,500 $2,500</td>
<td>Yes</td>
<td>No</td>
<td>343</td>
<td>408</td>
<td>31%</td>
</tr>
<tr>
<td>El Paso Community College</td>
<td>$2,469 $2,469</td>
<td>No</td>
<td>No</td>
<td>420</td>
<td>1,080</td>
<td>54%</td>
</tr>
<tr>
<td>Houston Community College</td>
<td>$1,752 $1,752</td>
<td>Yes</td>
<td>No</td>
<td>781</td>
<td>2,895</td>
<td>50%</td>
</tr>
<tr>
<td>Lone Star College System</td>
<td>$1,814 $1,814</td>
<td>No</td>
<td>No</td>
<td>742</td>
<td>1,900</td>
<td>59%</td>
</tr>
<tr>
<td>Tarrant County College District</td>
<td>$2,015 $2,015</td>
<td>Yes</td>
<td>Yes</td>
<td>648</td>
<td>1168</td>
<td>46%</td>
</tr>
</tbody>
</table>

**Mean Salary** $2,091 $2,104

**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

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

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Principal</th>
<th>Interest</th>
<th>Fees</th>
<th>Total</th>
<th>Retirement</th>
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<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$372,095,000</td>
<td>$173,887,888</td>
<td>$20,500</td>
<td>$546,003,388</td>
<td>FY 2030</td>
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<tr>
<td>Revenue Bonds</td>
<td>$21,450,000</td>
<td>$4,963,923</td>
<td>$2,700</td>
<td>$26,416,623</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Maintenance Tax Notes</td>
<td>$2,170,000</td>
<td>$78,663</td>
<td>$300</td>
<td>$2,248,963</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Total</td>
<td>$395,715,000</td>
<td>$178,930,474</td>
<td>$23,500</td>
<td>$574,668,974</td>
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</table>
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
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
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
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:**
  
  $0.0789/\$100 \text{ valuation}$ (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 $0.0063/\$100 \text{ valuation}^*$

*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.
• 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 the $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

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
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</thead>
<tbody>
<tr>
<td><strong>Credit Enrollment</strong></td>
<td>flat</td>
<td>flat</td>
</tr>
<tr>
<td><strong>Tuition Rate</strong></td>
<td>$45</td>
<td>$45</td>
</tr>
<tr>
<td><strong>State Formula Funding</strong></td>
<td><strong>$500K decrease</strong></td>
<td><strong>3% decrease</strong></td>
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<tr>
<td><strong>Tax Base</strong></td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Tax Rate – M&amp;O</strong></td>
<td>$0.0789</td>
<td>$0.0789</td>
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*note: Spring 2013 is next point on 2-year cycle of tuition increases*
## 2013 – 2014 Expenditures

### Assumptions and Provisions

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<tr>
<th>Provision</th>
<th>FY 2013</th>
<th>FY 2014</th>
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<tr>
<td>Faculty Market Disparity</td>
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<td>$445,445</td>
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<tr>
<td>Visiting Scholar Provision</td>
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<td>$966,000</td>
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<tr>
<td>Mid-Year Growth Provision</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Provision for Retention Initiatives</td>
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<td>$0</td>
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<tr>
<td>Technology &quot;Edge&quot; Provision</td>
<td>$500,000</td>
<td>$500,000</td>
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<tr>
<td>Provision for ATB Salary Adjustments</td>
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<td>$0</td>
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<tr>
<td>Provision for Faculty Formula Review</td>
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<td>$1,000,000</td>
</tr>
<tr>
<td>Provision Change in State Funding</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Provision for Planned Maintenance – Facilities</td>
<td>$4,250,000</td>
<td>$5,500,000</td>
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## Estimated Revenue
### 2012 - 2014

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

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