

Financial Condition Analysis for Community Colleges

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Texas Higher Education
Coordinating Board

Agenda

- Background
- Key Questions
- CARAT
- Metrics
- GASB impacts
- Analysis
- Summary
- Questions

Strategic Planning and Funding



Financial Condition Analysis of Texas Public Community College Districts

March 2018

03/18

Background

- Directed by GAA, Rider 12 (page III-217)

*“**Financial Information Reporting Requirement.** Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year.*

The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor's Office about the financial condition of the state's community college districts.”

Key Questions

- Are resources sufficient and flexible enough to support the mission?
- Are resources, including debt, managed strategically to advance the mission?
- Does asset performance and management support the strategic direction?
- Do operating results indicate the institution is living within available resources?

Community College Annual Reporting and Analysis Tool (CARAT)

- Developed collaboratively
- Based on institutionally reported data
- Informed updates
- Creates indicators
- Creates digestible, yet detailed, information



Financial Ratios Report

Institution	Year	Primary
ALL	ALL	None
Alamo Community College District	2014	ALL
Alvin Community College	2013	Financial Vulnerability
Amarillo College	2012	Primary Reserve
Angelina College	2011	Viability
Austin Community College	2010	CCFC Report Viability
Blinn College	2009	Debt Burden
Brazosport College	2008	Net Operating Revenues
Central Texas College	2007	Return on Net Positions
Cisco Junior College	2006	

Output Options

- HTML
- PDF
- Excel 2000
- Excel Formula
- Active Report

Run Request

FTSE Ratios	Other Ratios
None	None
ALL	ALL
Tuition & Fees per FTE Students	Total Current Assets to Total Current Liabilities
Academic Support per FTE Students	Total Debt to Net Fixed Assets
Institutional Support per FTE Students	O8
Instructional Expenses per FTE Students	Total Institutional Support Expenses to Total Operating Expenses
State Approps per FTE Students	Total Instructional Expenses to Total Operating Expenses
Educational Activities per FTE Students	Total Student Services Expenses to Total Operating Expenses
FTE Students per FTE Faculty	Debt Service as a % of Operating Revenues
Gross Assessed Tax Valuation per FTE Stud	State Allocations to Total Operating Expenses
Net Assessed Tax Valuation per FTE Studen	Income Before Other Revenues to Total Operation Revenues
Total Tax Collected per FTE Students	Tuition & Fee Discounts to Total Tuition & Fee Revenue
	Instruction Salaries to Total Educational Activities

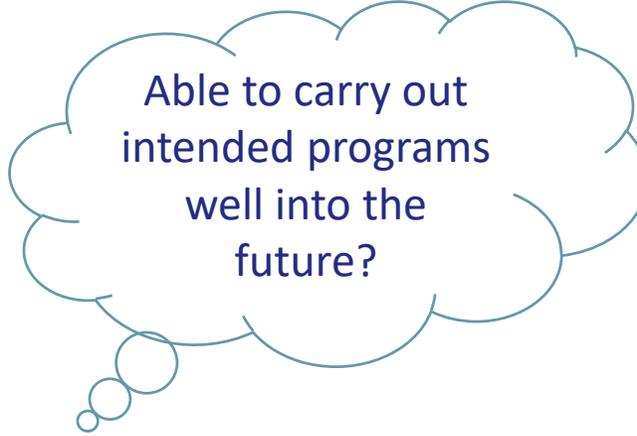
Metrics



Financially capable
of successfully
carrying out
current programs?

Is the institution...

- Composite Financial Index (CFI)
 - Primary Reserve Ratio*
 - Viability Ratio*
 - Return on Net Position*
 - Operating Margin*
 - Equity Ratio
 - Leverage Ratio

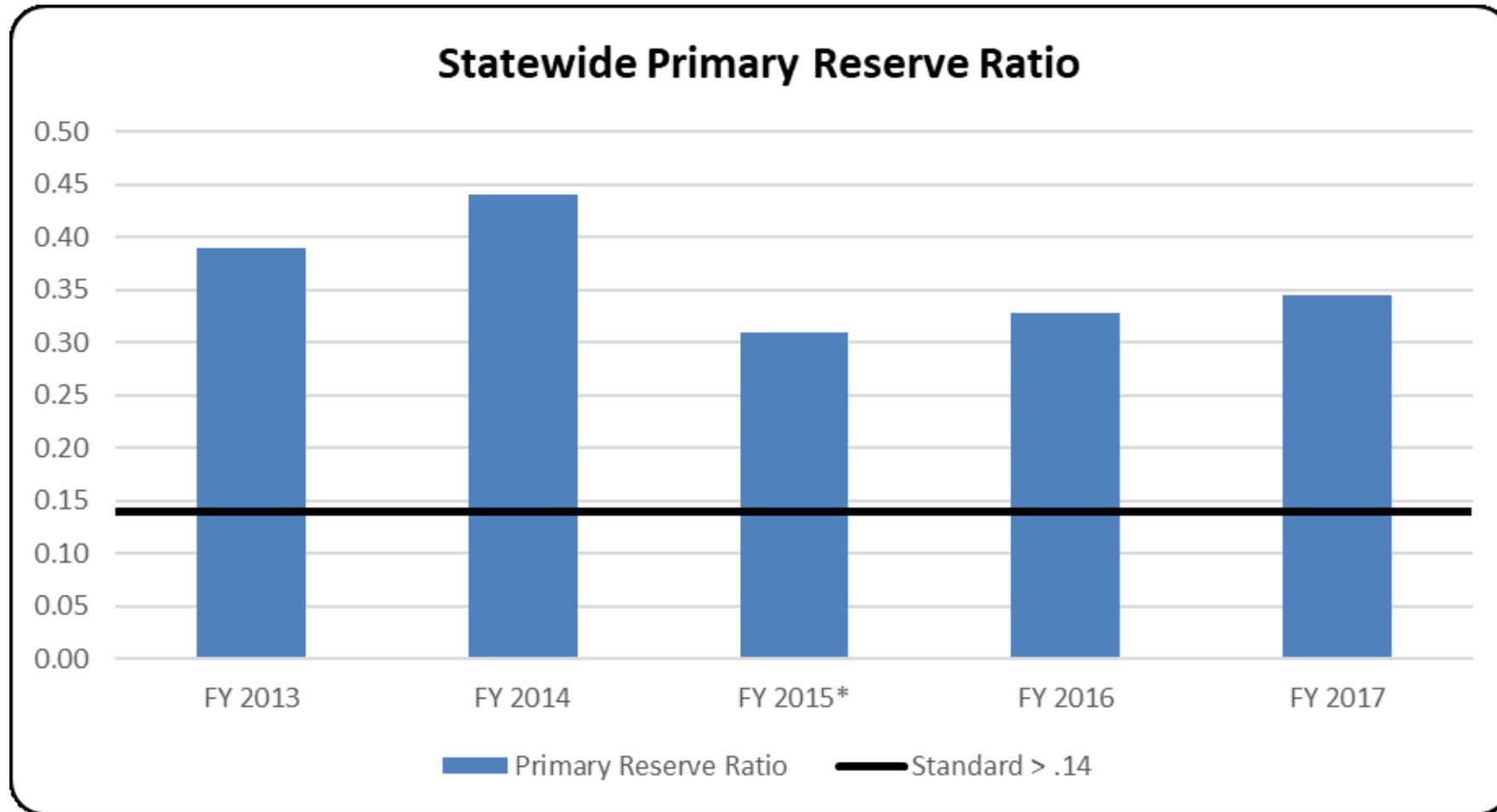


Able to carry out
intended programs
well into the
future?

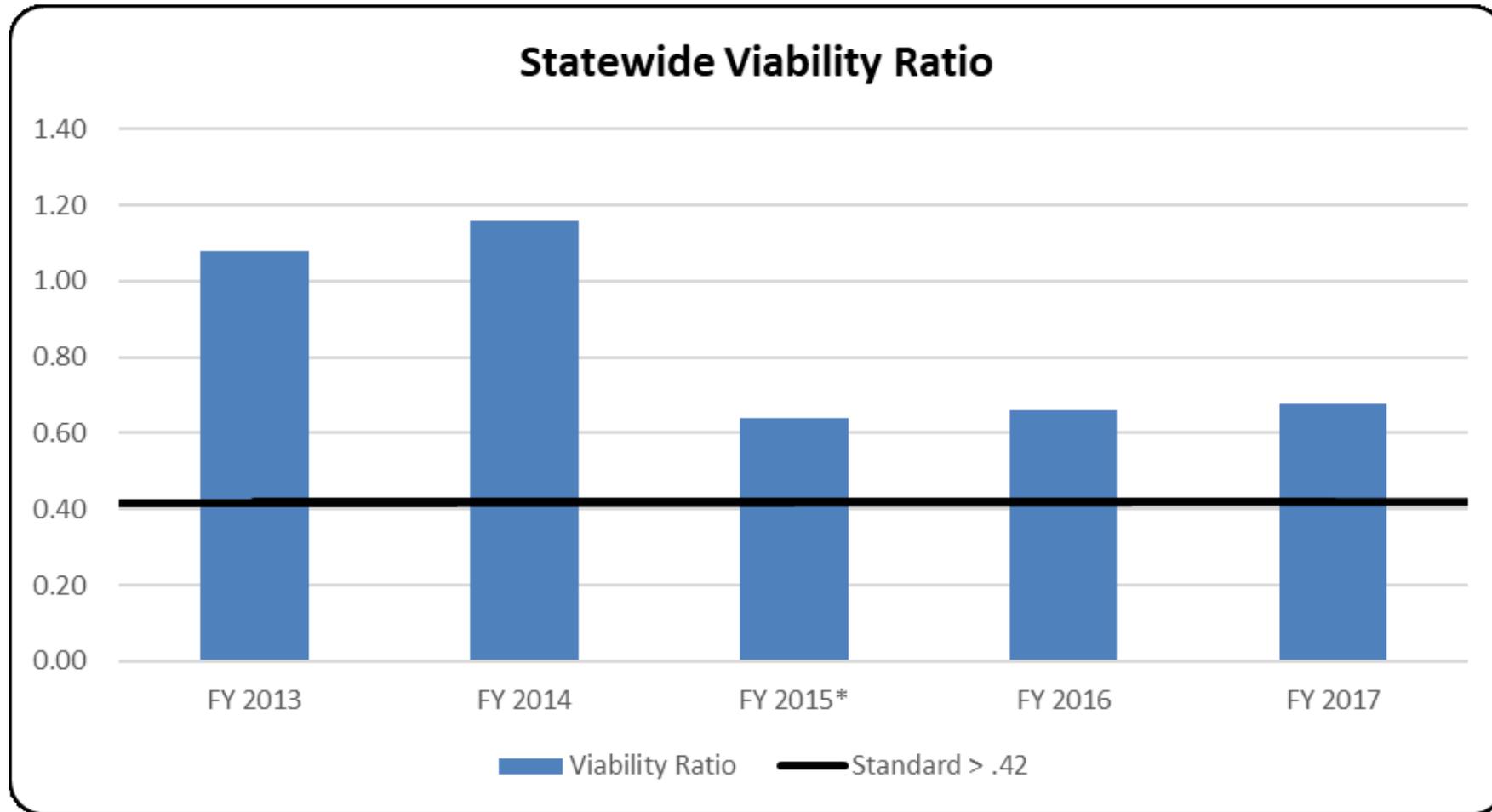
GASB 68 and 75 Impacts

- Transferred pension liability from the state-level financial statements of the Teachers Retirement System (TRS) to the individual financial statements of the institutions
- Effect to statewide financial ratios and financial condition of community college districts was substantial for GASB 68 and likely will be for GASB 75
- Financial Condition Report indicates the financial condition of institutions if GASB 68 and 75 had not been implemented

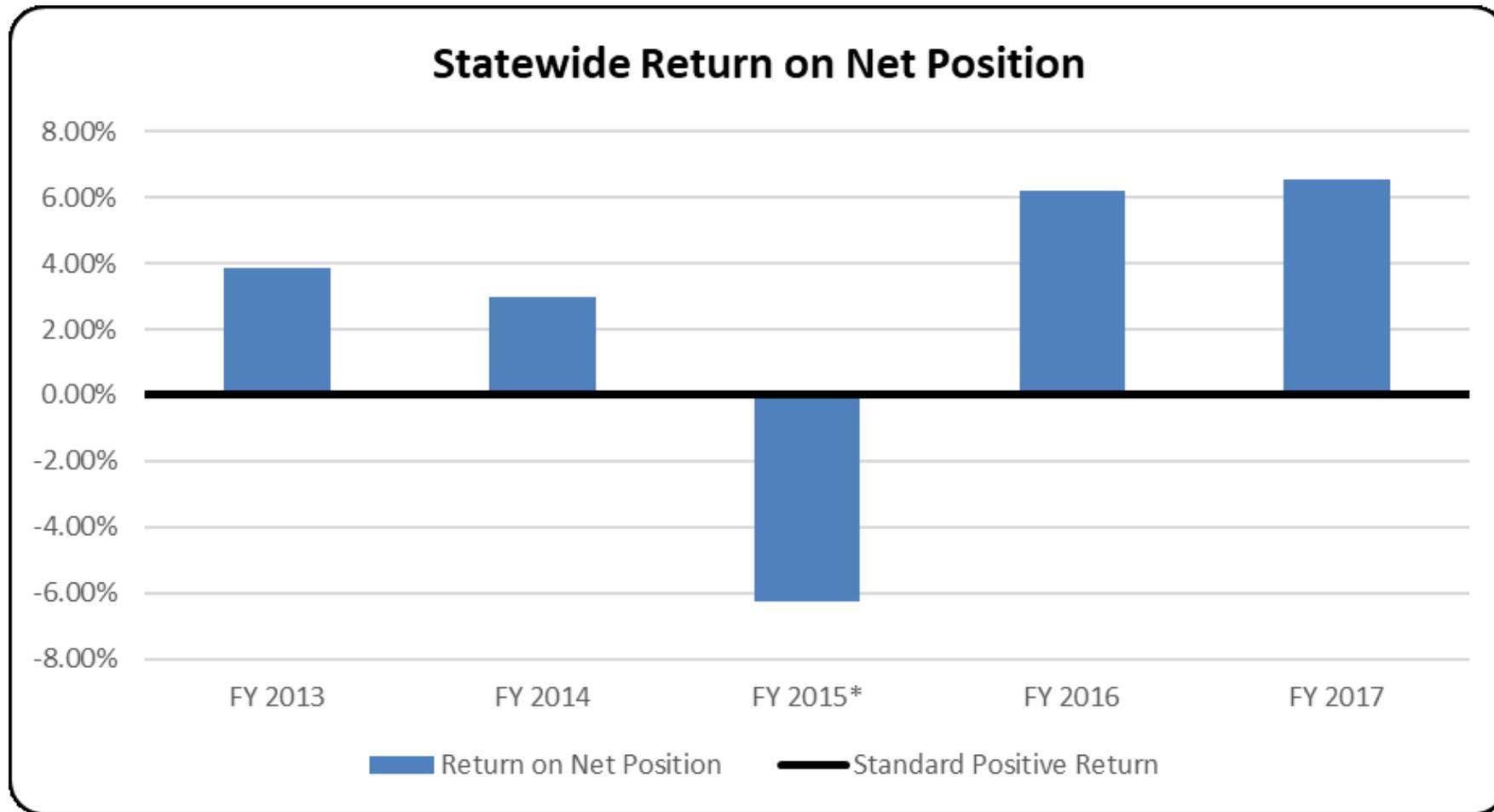
Ratios and Trends



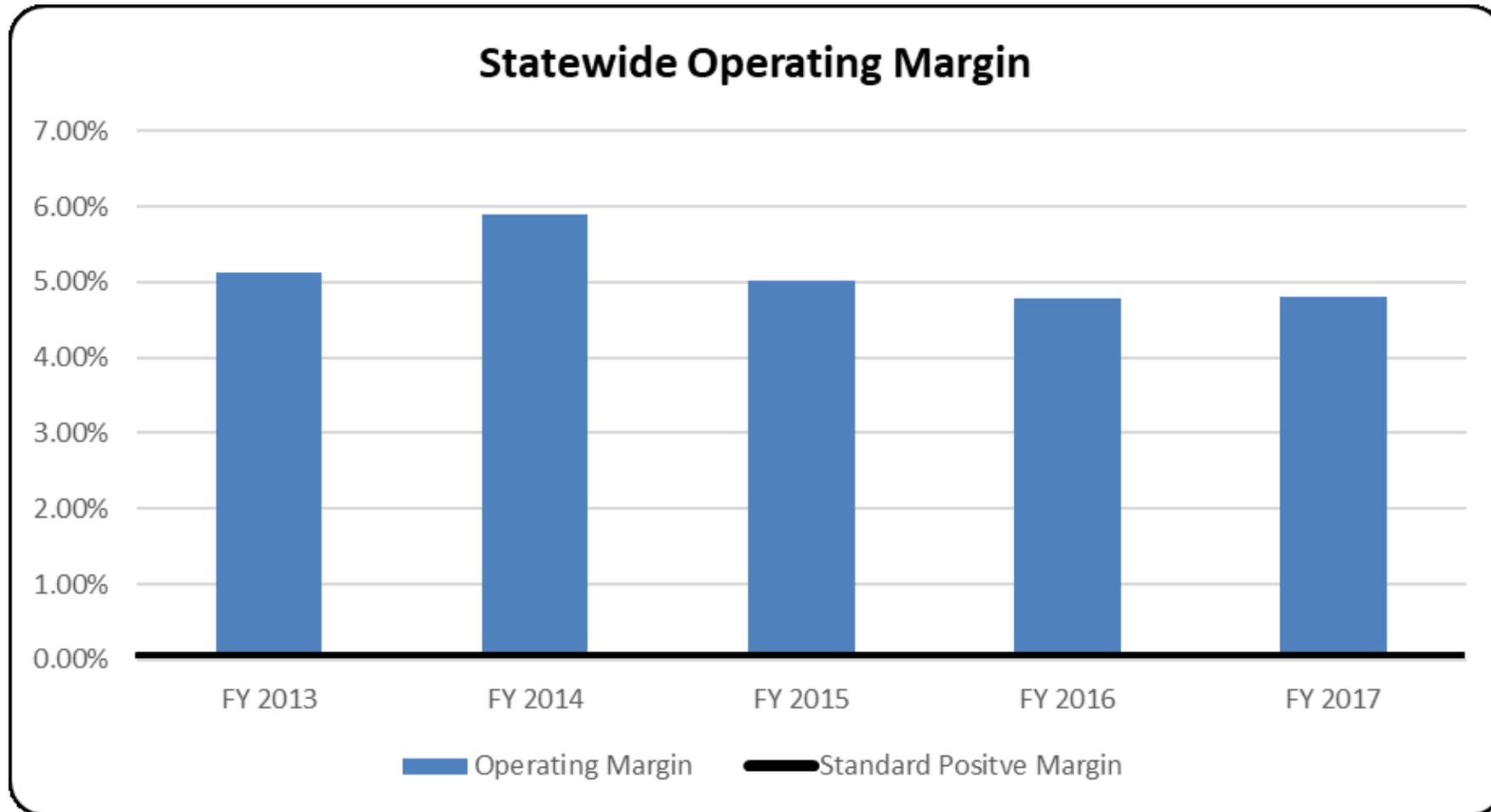
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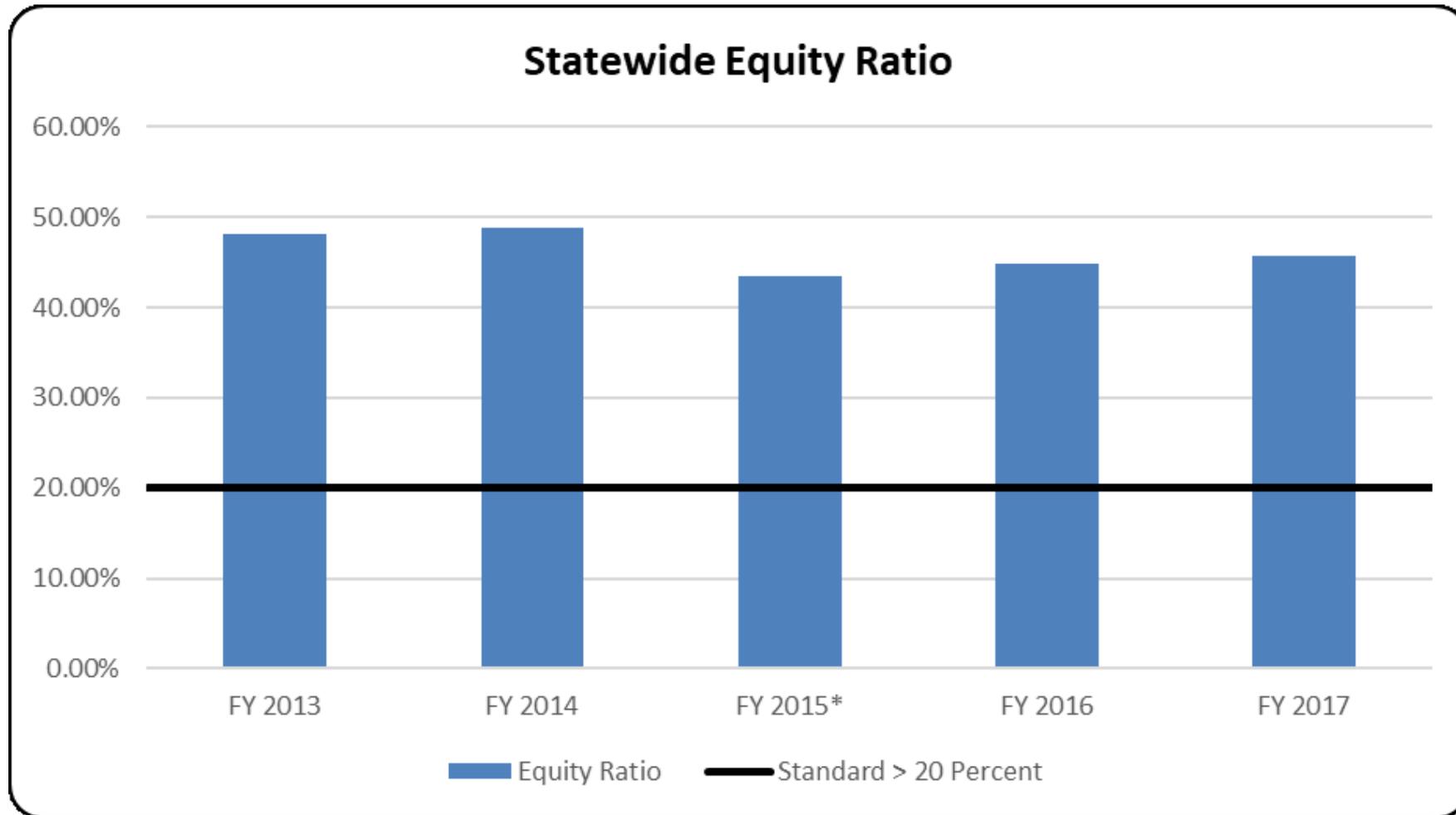
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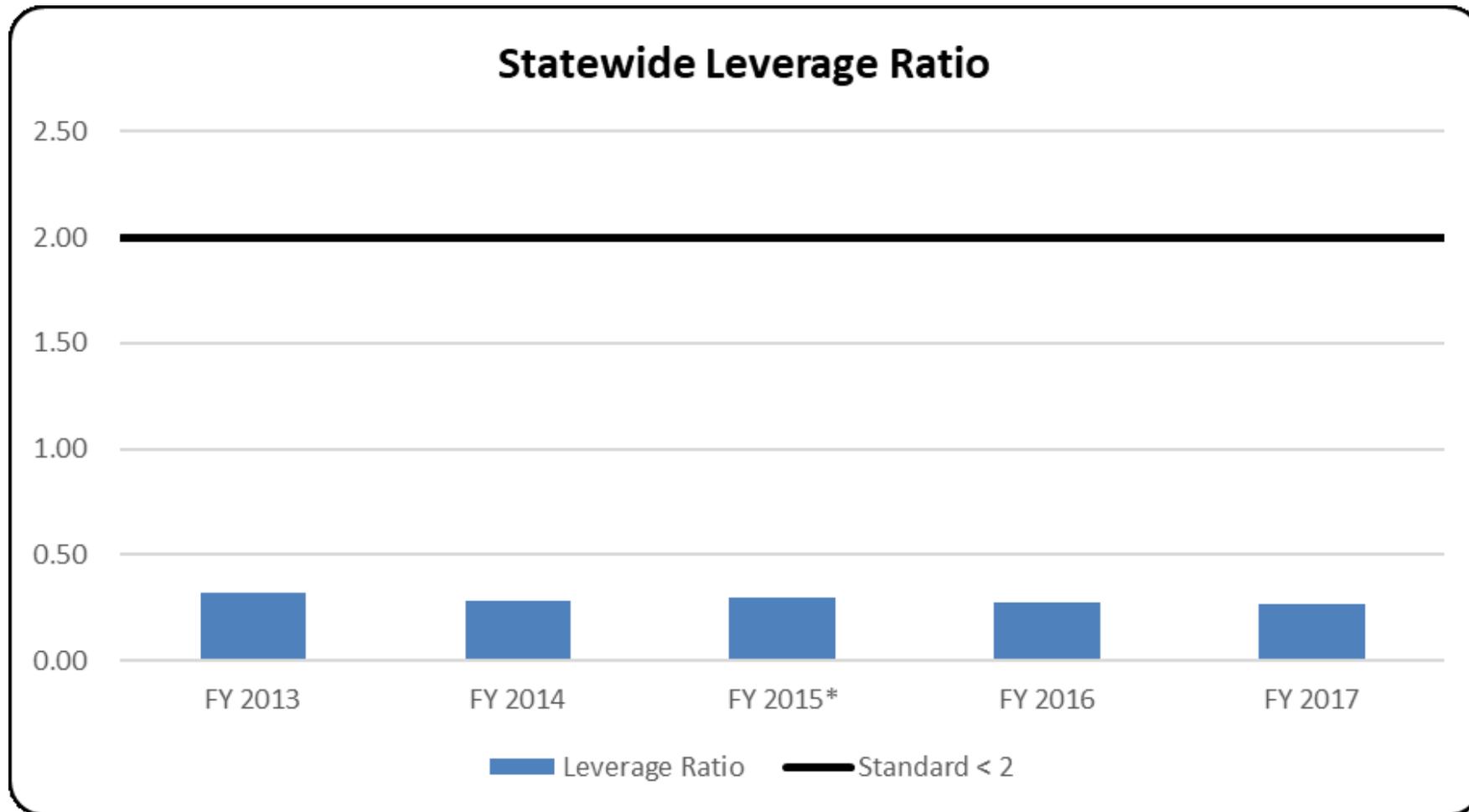
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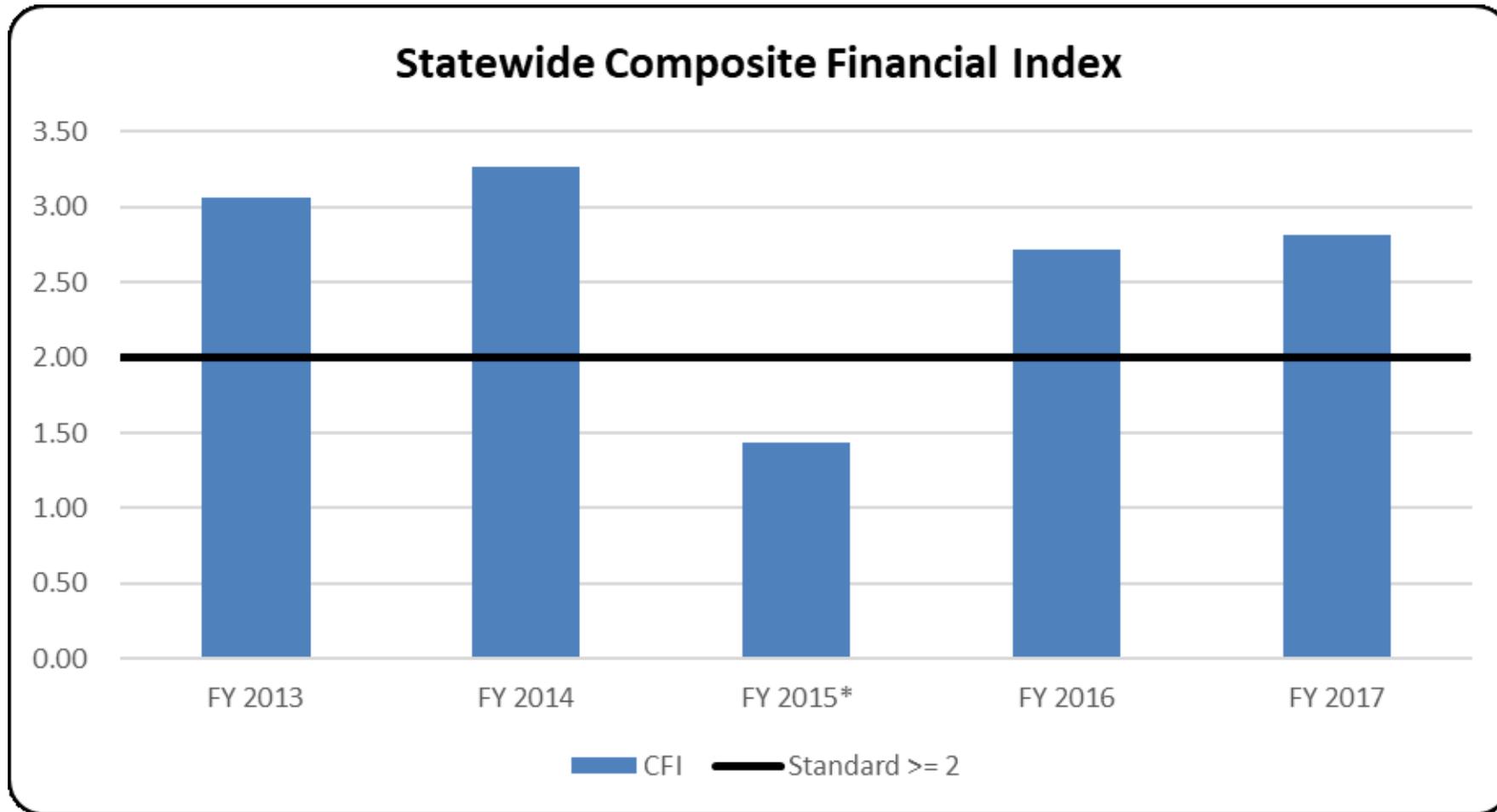
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Ratios and Trends

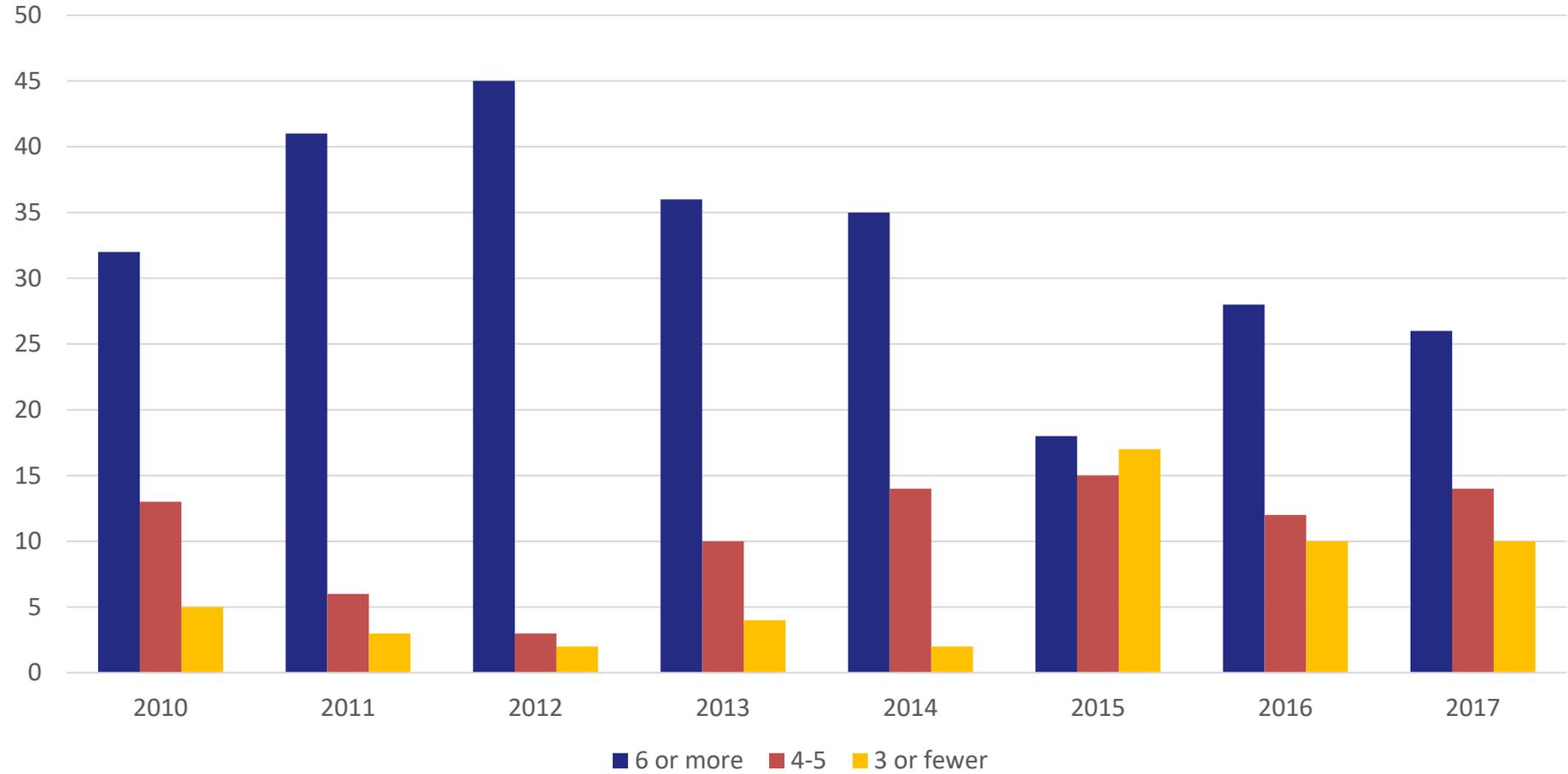


Ratios and Trends



Overall

Indicators met



Summary

- Robust system
- Digests complicated financial data into usable information
- Allows broad or detailed analysis
- Very high level of transparency
- Stimulates questions and focuses inquiry
- Formative assessment, not summative

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