

Texas Higher Education Coordinating Board

2020 Community College Financial Condition Report

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Financial Condition Report



**Required by
2020-21
General
Appropriations
Act**



**Measures
financial health
of institutions
using industry
standards**



**Distills
financial data
and guides
further
inquiry**



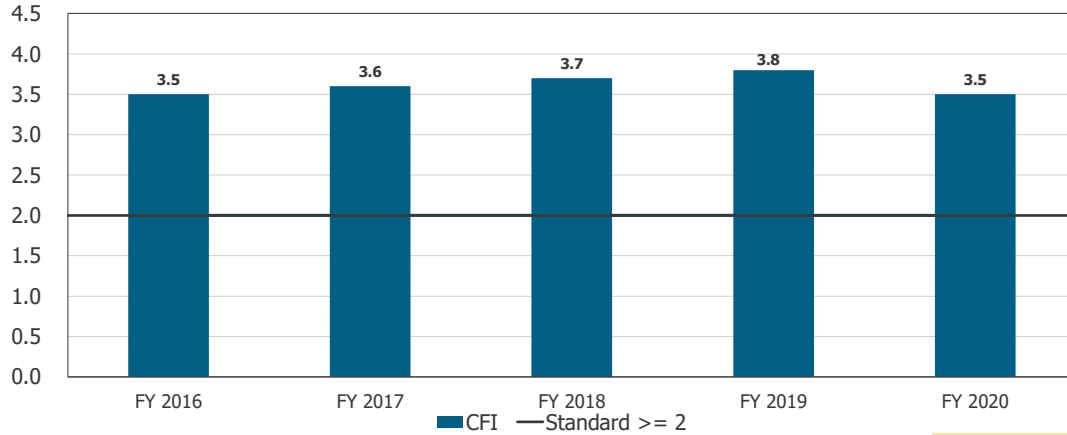
**Results are used
in community
college
baccalaureate
approval
process**

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Statewide Composite Financial Index (CFI)

CFI is used as the overall measure of financial health



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CFI Blends Four Ratios into a Single Metric



| Standard | > 0.14 | > 0.42 | >= 0% | >= 0% | >= 2 |
|--------------------------|--------|--------|-------|-------|------|
| Statewide Average | | | | | |
| 2020 | 0.52 | 1.55 | 6.80% | 1.30% | 3.5 |
| 2019 | 0.51 | 1.51 | 7.30% | 3.50% | 3.8 |

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Institutions Meeting Standard: FY19 to FY20

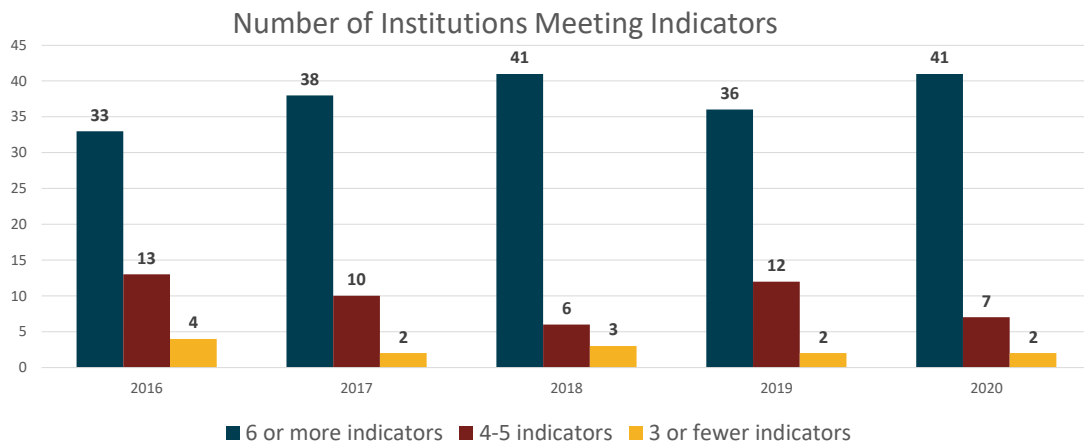
More institutions made progress toward meeting standards in 2020

| Standard | Institutions Meeting Standard | | |
|---------------------------|-------------------------------|------|--------|
| | 2019 | 2020 | Change |
| Composite Financial Index | 40 | 40 | 0 |
| Primary Reserve | 47 | 47 | 0 |
| Viability Ratio | 44 | 45 | 1 |
| Return on Net Position | 42 | 43 | 1 |
| Operating Margin | 30 | 35 | 5 |
| Equity Ratio | 48 | 49 | 1 |
| Leverage Ratio | 49 | 50 | 1 |

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Progress toward meeting standards



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Key Takeaways

- While certain statewide averages declined, overall, community colleges made progress in measures of financial health in FY2020.
- The infusion of federal CARES Act funding mitigated the impact of the pandemic on certain financial indicators.
- Ongoing work is needed in this analysis and report to account for the impact of Government Accounting and Standards Board (GASB) 68 and 75 adjustments.

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Questions and Comments

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