

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**



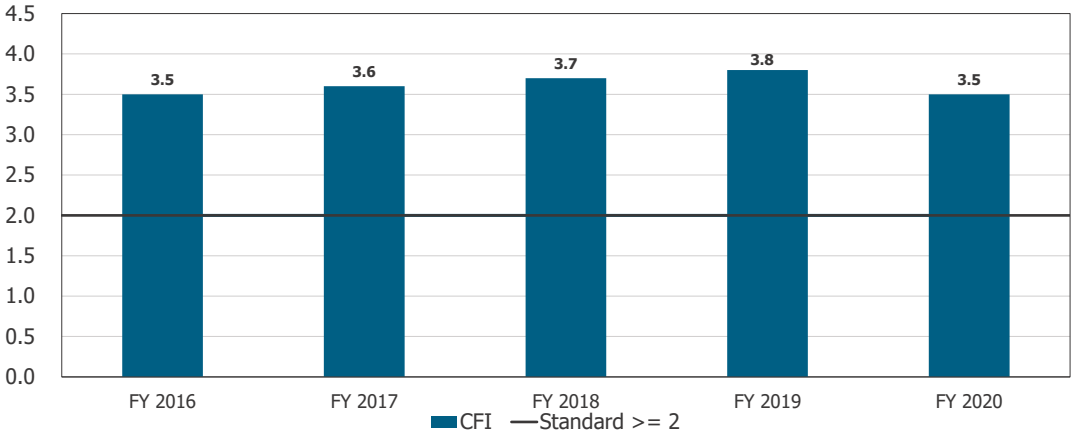
**Results are used
in community
college
baccalaureate
approval
process**

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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

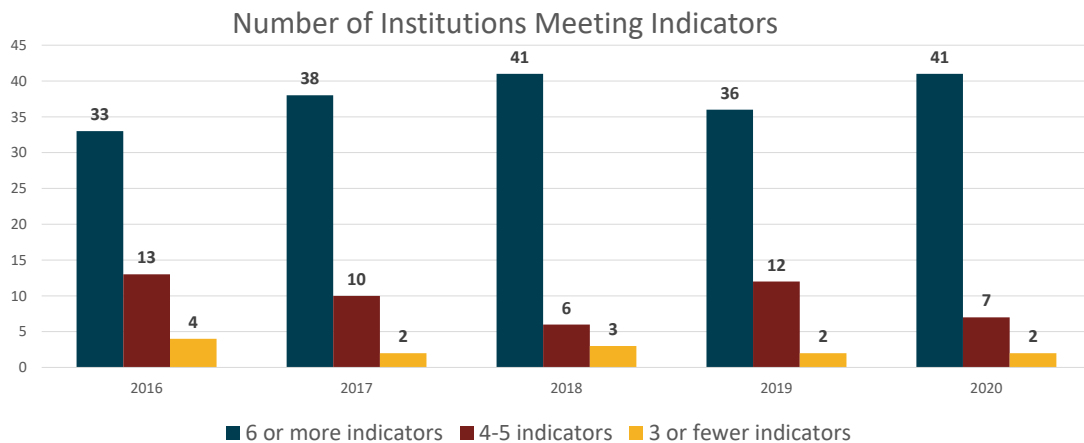
More institutions made progress toward meeting standards in 2020

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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