

SB 719 Community College Funding Reporting Pilot

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Texas Higher Education Coordinating Board



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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for the Texas higher education system and to promote access, affordability, quality, success, and cost efficiency through 60x30TX, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board's core values are:

Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

Efficiency: We accomplish our work using resources in the most effective manner.

Collaboration: We develop partnerships that result in student success and a highly qualified, globally competent workforce.

Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

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Introduction

Overview

Legislative interest in disaggregating certain community college data at the campus-level resulted in the passage of SB 719 (85R). The bill directs Texas community colleges to develop and recommend minimum reporting language for financial and instructional cost information, including information relating to instruction of persons with intellectual and developmental disabilities (IDD). In consultation with the Texas Higher Education Coordinating Board (THECB), the Texas Association of Community Colleges (TACC) identified five community college districts to participate in the pilot program.

As required by SB 719, two colleges were selected to represent the largest peer group, as defined by the THECB, and one college was selected from each of the remaining three peer groups. In addition to representing their respective size peer groups, participating colleges were also selected to represent the geographic diversity of the state. Selected colleges include:

- Austin Community College (Very Large)
- San Jacinto College (Very Large)
- North Central Texas College (Large)
- McLennan Community College (Medium)
- Howard College (Small)

The selected colleges, in consultation with the THECB and the Legislative Budget Board (LBB), were charged with studying best practices for the reporting of revenue and costs allocated across the districts and the practicability of disaggregating financial and instructional cost information by instructional site within a junior college district. Participants in the study considered the following data:

- The number of contact hours, including those generated from distance learning
- Student attainment of completion milestones as measured by a performance funding formula (success points)
- The total amount of state appropriations, tax revenue, in-district and out-of-district tuition and fee revenue, or any other revenue received by the junior college districts and the rates or methods by which those revenues are collected
- The amount of money expended by the junior college districts for programs related to the participation, retention, and graduation of persons with intellectual and developmental disabilities (IDD)
- A statement of the total amount of money expended by the junior college districts
- The number of full-time and adjunct faculty
- Any other relevant data or reporting methodologies

Participants from the selected colleges (pilot members) and other stakeholders held a series of meetings to review best practices in reporting relevant financial data and have produced a template for future reporting (attached). This template is informed by the group's

findings regarding the practicability and challenges related to disaggregating financial and instructional cost information by instructional site within a community college district.

Background

Beginning in the 84th Legislative Session (2015), community colleges have been required to submit a report to the LBB each fiscal year on financial measures by each campus within their district. The General Appropriations Act (GAA) in 2015, House Bill 1, included the following rider within the community college appropriation:

23. Reporting Requirement. Each public community/junior college shall submit a report to the Legislative Budget Board no later than December 1 of each fiscal year that includes the following information:

- a. the number of contact hours and success points generated by each campus of the public community/junior college district in the prior fiscal year and the amount of formula funding transferred to each campus of the public community/junior college district in the prior fiscal year; and
- b. the total tuition and fee revenue collected at each campus of the public community/junior college district in the prior fiscal year and the amount of total tuition and fee revenue that each campus transferred to another campus in the prior fiscal year.

This rider was also included in the GAA passed by the 85th Legislature (2017), or Senate Bill 1, as Rider 22 to the community college appropriation.

Legislation filed by Rep. John Raney during the 85th Legislative Session sought to create a similar reporting requirement in statute for community colleges. House Bill 2975, as filed, sought to require community college districts to report financial information annually to the LBB on instructional sites within the college district's service area that enroll 2,000 or more students. Under the bill, community colleges would report:

- the number of contact hours, including those generated from distance learning, for the preceding academic year;
- student attainment of completion milestones for the preceding academic year, as measured by a performance funding formula;
- the amount of state appropriations, tax revenue, and tuition and fee revenue received in the preceding fiscal year, including tuition and fee revenue from in-district, out-of-district, and dual credit courses;
- an itemized statement of the amount of money expended in the preceding fiscal year by the junior college district; and
- the number of full-time and adjunct faculty at the instructional site for the preceding academic year as determined by the location of the faculty member's primary office.

After expressing concerns with HB 2975, as filed, community college leaders and TACC worked with the bill author to transform the bill into the pilot program ultimately included in SB 719, which related to reporting of students with IDD by Sen. Judith Zaffirini.

Process and Scope

Beginning in December 2017, pilot members held regular meetings to address the scope of the pilot, best practices at participating colleges, and challenges related to reporting by campus or instructional site. While the reporting element of the pilot is limited to the five colleges included in the pilot, members determined that input would be sought from colleges not included in the program, as well as stake holders including the THECB and LBB.

The group agreed on the overall scope of the pilot:

Create a report that meets the spirit of the legislation including a template for reporting that includes clear definition of terms inclusive of tuition and fees, instructional appropriations, and total maintenance and operational taxes.

After a review of the language of SB 719, as well as a discussion of legislative intent based on meetings with the pilot author, Rep. John Raney, the group established parameters for the study and resulting template. The following areas of focus were identified:

- State appropriations
- Tuition and fees
- Local tax revenue collected, but not disaggregated by campus or instructional site

While SB 719 also makes reference to “any other revenue received by the junior college districts,” pilot members, in consultation with Rep. Raney, recognized that revenues such as restricted state and federal grants, interest earned from investments, and other auxiliary funds were not within the intent of the legislation and could create an unwieldy and duplicative report. Federal funds through Pell grants awarded to students are reported within gross tuition and fees for those funds used to pay tuition and fees.

Observations and Findings

Early in the process, pilot members recognized the vast diversity among community colleges and the limitations on uniform reporting presented by this diversity. Even within the five pilot colleges there were wide variances on how data were reported at the campus level. Pilot members sought to develop uniform definitions to overcome the varied landscape of community college districts. The definitions are included in Appendix A, on page 3 of the conclusion of the data collection template.

Defining an instructional site/campus. Creating a clear and uniform definition of an instructional site is critical as it drives how allocations by site are determined for all data included in the report. Under the Rider 22 report required by the GAA, instructional sites were defined as “The main campus, or other location geographically apart from the main campus that is permanent in nature.” However, pilot members learned that colleges were not interpreting the definition uniformly across all institutions.

The definition of an instructional site or campus is not established in existing statute.¹ Furthermore, many students enrolled at a community college are not attached to a campus in the traditional sense. Dual credit students, for example, are often taught on a high school

¹ Although Texas Administrative Code Rule §5.73 defines several types of higher education sites, the requirements of SB 719 warranted development of a definition for this specific purpose.

campus by high school instructors qualified to teach college-level courses. Online education also posed a reporting challenge as some students might not be associated with a physical campus.

Use of a similar definition for instructional site as the one previously used for the Rider 22 report, in addition to use of a “non-campus based instruction” category to include dual credit and online instruction was recommended. The pilot members determined that high school campuses where dual credit is delivered would not be included in the template as an instructional site, but rather be included in the “non-campus based instruction” category or associated with a particular college campus, dependent upon the operational practice of the college.

For the purposes of the report, a campus is defined as “The main campus, or other location geographically apart from the main campus that is permanent in nature, that incurs substantial administrative/non-instructional costs as well as instructional costs and is separate and distinct from ISDs/dual credit sites.”

Disaggregating data by campus. The nature of some community college districts, especially larger districts in urban areas, posed some difficulty in determining how to attribute data by instructional site. For example, students in an urban district often take courses at different campuses within the same semester, perhaps even within the same day. A college receives Student Success Points for achievements made by students progressing towards completion. The pilot members considered how best to attribute a cumulative Success Point, such as completion of 15 SCH, to a campus when a student earned the Success Point while attending classes at two or more campuses.

Recommendations for allocation of required elements by campus included the following:

- Prorating Student Success Points by campus
- Faculty allocation by campus reported, based on primary teaching location
- Adjunct faculty assigned to a department chair who has a primary teaching location or based on section number that is assigned to a site
- Fiscal year contact hours based on census data, as reported to the THECB, and fall enrollments based on 12th-class-day headcounts, as reported to the THECB
- For instructional costs, using the existing Report of Fundable Operating Expenses (RFOE) to assign costs back to campuses
- For any data not collected at the campus level, prorating district data across campuses, based on the fiscal year contact-hour distribution
- Where possible, reportable data should be tied to existing reports to provide consistency

The reporting template. The template proposed by pilot members provides institutional totals for several key revenue and expense categories, in addition to campus-level data disaggregated as described above (see Appendix A). Campus-level reporting fields are divided into two main categories: within taxing district and outside taxing district (including branch campus maintenance tax districts). Similar to the existing Rider 22 report form, instructions, definitions and data sources will be included. A field is also provided for reporting the method of allocating “non-campus based” instruction.

Challenges. Disaggregating some expense and revenue data by instructional site poses significant practicability challenges that could not be addressed by the requested reporting template. Local tax revenue is one such metric. Ad valorem taxes are collected at the district-wide level and are not localized by campus. For those districts with campuses outside the taxing district, but within a maintenance tax district, maintenance tax revenue is included in the template as a separate revenue source.

Reporting the amount of money expended by the junior college districts for programs related to the participation, retention, and graduation of persons with intellectual and developmental disabilities by district is achievable; however, disaggregating these data by instructional site is difficult given the relatively small number of students served. It is recommended that these data be reported at the district-wide level.

A significant challenge posed by the language of SB 719 is the reporting timeline. The bill requires pilot member districts to report using the new template not later than September 1, 2019, for the state Fiscal Year ending August 31, 2019; and not later than September 1, 2020, for the state Fiscal Year ending August 31, 2020. These deadlines present insurmountable challenges for the colleges, as full data for a fiscal year will not be available in the time required by the bill.

Recommendation. In consultation with the LBB and THECB, pilot members will work to determine an appropriate report timeline for reporting based on availability of information. Fall headcount and faculty and staff counts could be reported by September 1 for the prior fiscal year, but full-year FY data would not be available until the following winter. Success point data are generally available in mid-February, and audits of institutions' financial reports are not generally finalized until around that time. The THECB recommends a April 1 report date for the prior fiscal year's data.

Public Community/Junior College Reporting Template - Campus Data Reporting Requirement
 Fiscal Year (FY) 2017 (Fall 2016, Spring 2017, Summer 2017)

Institution:

Institution-Level Data	
Fall 2016 Headcount, Unduplicated	
Fall 2016 Fulltime Faculty	
Fall 2016 Fulltime Staff	
FY 2017 Contact Hours	
FY 2017 Success Points	
Institution-Level Data Not Reported by Campus	
% of FY 2017 M&O Taxes to Total Operating	
FY 2017 Maintenance Tax Revenue	
Fall 2016 Adjunct Faculty	
FY 2017 Total Expended for Programs/Instruction for Persons with Intellectual & Developmental Disabilities (IDD)	

Institution-Level Revenues	FY 2017
Total Tuition Revenue	
Total Fee Revenue	
Less Remissions/Exemptions (unfunded)	
Total Reported Tuition and Fees	-
Appropriations: Core Operations	
Appropriations: Formula/Success Points	
Ad-Valorem Tax Revenue, M&O	
Institution-Level Expenses	FY 2017
Total Faculty Salaries	
Total Departmental Operating Expenses	
Total Unrestricted Instructional Expenses	-
Total Non-Instructional Expenses	
Total Maintenance/Operations Expenses	

A) Within Taxing District:	DISTRICT OFFICE/ CORE OPERATIONS/ MAIN CAMPUS*						OTHER CAMPUSES WITHIN TAXING DISTRICT (Including Annexations)	
	Campus #1 <Insert Name>	Campus #2 OTHER	Campus #3 <Insert Name>	Campus #4 <Insert Name>	Campus #5 <Insert Name>	Campus #6 <Insert Name>		
Enrollment Data								
Fall 2016 Headcount	-	-	-	-	-	-	-	-
Fall 2016 Fulltime Faculty and Staff	-	-	-	-	-	-	-	-
FY 17 Contact Hours Generated	-	-	-	-	-	-	-	-
FY 17 Success Points Generated	-	-	-	-	-	-	-	-
Funding Data								
FY 17 Tuition and Fee Revenue Reported	-	-	-	-	-	-	-	\$ -
FY 17 Appropriations: Core Operations	-	-	-	-	-	-	-	\$ -
FY 17 Formula Funding/Success Point Allocation	-	-	-	-	-	-	-	\$ -
FY 17 Ad-Valorem Tax Revenue, M&O	-	-	-	-	-	-	-	\$ -
<i>Campus Totals</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUE WITHIN TAXING DISTRICT								\$ -
Fundable Operating Expense Data								
FY 17 Instructional Expenses by Campus	-	-	-	-	-	-	-	\$ -
FY 17 Non-Instructional Expenses by Campus	-	-	-	-	-	-	-	\$ -
FY 17 Maintenance/Operations Expenses by Campus	-	-	-	-	-	-	-	\$ -
<i>Campus Totals</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OPERATING EXPENSES WITHIN TAXING DISTRICT \$ -

**CAMPUSES OUTSIDE TAXING DISTRICT
(Including Branch Campus Maintenance Tax Districts)**

B) Outside Taxing District:

	<i>Campus #1</i> <i><Insert Name></i>	<i>Campus #2</i> <i><Insert Name></i>	<i>Campus #3</i> <i><Insert Name></i>	<i>Campus #4</i> <i><Insert Name></i>	<i>Campus #5</i> <i><Insert Name></i>	<i>Campus #6</i> <i><Insert Name></i>	Total
Enrollment Data							
Fall 2016 Headcount	-	-	-	-	-	-	-
Fall 2016 Fulltime Faculty and Staff	-	-	-	-	-	-	-
FY 17 Contact Hours Generated	-	-	-	-	-	-	-
FY 17 Success Points Generated	-	-	-	-	-	-	-

Funding Data							
FY 17 Tuition and Fee Revenue Reported	-	-	-	-	-	-	\$ -
FY 17 Appropriations, Core Operations	-	-	-	-	-	-	\$ -
FY 17 Formula Funding/Success Point Allocation	-	-	-	-	-	-	\$ -
FY 17 Maintenance Tax Revenue	-	-	-	-	-	-	\$ -
<i>Campus Totals</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

REVENUE OUTSIDE TAXING DISTRICT \$ -

Fundable Operating Expense Data							
FY 17 Instructional Expenses by Campus	-	-	-	-	-	-	\$ -
FY 17 Non-Instructional Expenses by Campus	-	-	-	-	-	-	\$ -
FY 17 Maintenance/Operations Expenses by Campus	-	-	-	-	-	-	\$ -
<i>Campus Totals</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OPERATING EXPENSES OUTSIDE TAXING DISTRICT \$ -

Method of Allocating Online/Distance Ed & Method of Allocating Other Non-Campus Based Categories:

Instructions:

- Fill in information in each shaded box and the name of each campus. Add columns for additional campuses as needed. Institution totals should match the sum of the data provided for each campus.
- For the purpose of this report, please use the following **definitions** as a guideline:

Online - Attribute as a separate campus if not associated with core operations of the district office/main campus (or include in allocations by individual campuses)

Total Operating Expense - Taken from FY2017 Audited Financial Statements, Exhibit 2 for calculation of the percent of M&O Taxes

Total Tuition - Taken from FY2017 Audited Financial Statements, Schedule A (Gross Tuition)

Total Fees - Taken from FY2017 Audited Financial Statements, Schedule A (Gross Fees)

Remissions and Exemptions, State - Taken from FY2017 Audited Financial Statements, Schedule A; deducted as these are not funded

Taxes for M&O - Taken from FY2017 Audited Financial Statements, Exhibit 2

Faculty Salaries, Instructional Expenses, & Non-Instructional (Administrative) Expenses - Taken from FY2017 Report of Fundable Operating Expenses (RFOE)

**Boxes with indented, italicized headings are informational and should total to the White box beneath that is used for reporting purposes; White boxes are calculated totals.

"Non-Instructional Expenses" include Institutional Support, Student Services, Academic Support, Research, Scholarships & Fellowships, Equipment Depreciation, and Local Benefits.

- For reporting Fulltime Faculty, Adjunct Faculty, and Fulltime Staff, one method is to select the month, using payroll data, that best captures employment numbers for the institution; alternate methods may be determined by the institution. Appropriations for Core Operations may be assigned to one campus, (i.e. Main Campus) or applied to more than one campus. Full time Faculty as reported on the CBM008 for the fall of the reporting year. Adjunct Faculty as reported on the CBM008 for the fall of the reporting year. Full time Staff may be selected using payroll data that best aligns with the faculty reporting for fall of the reporting year.

- Unduplicated Headcount for the fall of the reporting year as reported on the CBM001.
- Fiscal Year Contact hours as reported on the CBM004 and CBM00C.
- Unweighted Fiscal Year student level Success Points as provided by March 1 on the Coordinating Board's secure server.
- Expenditures for Programs/Instruction for persons with IDD. Either report the institution's total expenditures per contact hour for hours attempted by students with IDD that were reported on the CBM001 and CBM00A or report the cost of programs for students with IDD (maintaining records of the methodology used for the calculation)
- Campus: The main campus, or other location geographically apart from the main campus that is permanent in nature, that incurs substantial administrative/non-instructional costs as well as instructional costs and is separate and distinct from ISDs/dual credit sites.



This document is available on the [Texas Higher Education Coordinating Board website](#).

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