

Coastal Bend COLLEGE



ANNUAL BUDGET

Alice
Beeville
Kingsville
Pleasanton

2023 -
2024

Coastal Bend College
Annual Operating Budget
Narrative
Fiscal Year 2024

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<u>Board of Trustees</u>	<u>Term Expires May 31</u>	<u>Title</u>
Mr. Victor Gomez	2028	Chair
Mr. Eloy Rodriguez	2026	Vice-Chair
Mr. Carrol W. Lohse	2024	Secretary
Ms. Mercy Flynn	2026	Trustee
Mr. Jerry Sanchez	2024	Trustee
Ms. Velma Elizalde	2028	Trustee
Mr. Jeff Massengill	2028	Trustee

Principal Administrative Officers

Dr. Justin Hoggard
President

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Date	Activity
April-May	Mailing of notices of appraised value by chief appraiser.
30-Apr	The chief appraiser prepares and certifies to the tax assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value.
15-May	Deadline for submitting appraisal records to ARB.
July 20* (Aug. 30)	Deadline for ARB to approve appraisal records. (Aug.30)
25-Jul	Deadline for chief appraiser to certify rolls to taxing units. July 10, 2023
10-Jul	Certification of anticipated collection rate by collector. July 31,2023
31-Jul	Calculation of effective and rollback tax rates.
03-Aug	Publication of effective and rollback tax rates, statement, and schedules; submission to governing body.
11-Aug	72-hour notice for meeting (<i>Open Meetings Notice</i>).
15-Aug	Meeting of governing body to discuss tax rate; if proposed rate tax rate will exceed the rollback rate or the effective tax rate (whichever is lower), take record vote and schedule public hearing.
TBD	Notice of Public Hearing on Tax Increase is the first quarter-page notice in newspaper and on TV and website, if available, published at least seven days before public hearing.
TBD	72-hour notice for public hearing (<i>Open Meetings Notice</i>)
TBD	Public hearing.
TBD	72-hour notice for second public hearing (<i>Open Meetings Notice</i>)
TBD	Second public hearing (may not be earlier than 3 days after first public hearing); schedule and announce meeting to adopt tax rate 3-14 days from this date.
TBD	Notice of Tax Revenue Increase published before meeting** to adopt tax rate is the second quarter-page notice in newspaper before meeting and published on TV and website (if available, at least seven days before meeting).
14-Sep	72-hour notice for meeting at which governing body will adopt tax rate (<i>Open Meetings Notice</i>)
19-Sep	Meeting to adopt tax rate. Meeting is 3 to 14 days after second public hearing. Taxing unit must adopt tax rate by Sept. 30* or 60 days after receiving certified appraisal roll, whichever is later.

- Tax Code Section 81.06 directs that if a date falls on weekend the deadline is extended to the following regular business day
- Advice: of taxing unit legal counsel should be sought to determine which approach to take in notifying the public of the meeting at which the governing body will vote on the tax rate.

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Basis of Budgeting

Per the Texas State Legislature, each community/junior college must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The operating budget shall be in such form and manner as may be prescribed by the board and/or agency with the advice of the State Auditor providing, however, that each report included departmental operating budgets by function.

The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) in the United States of America as set forth by Governmental and Financial Accounting Standards Boards (GASB & FASB), National Association of College and University Business Officers (NACUBO) and the Texas Higher Education Coordinating Board (THECB). Under GAAP, basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related payments to satisfy the liability occur. Ad valorem taxes are recognized as revenues in the years in which they are levied. Grants and other similar types of revenues are recognized once all eligibility requirements imposed by the grantor or other agency have been met.

The Coastal Bend College Foundation is a discretely presented component unit and is reported separately in the annual financial statements except for the funding that is provided as in-kind by the College. The budget document presents college information inclusive of this in-kind contribution but exclusive of funds held solely by the Foundation.

Revenue Sources

The College receives funding through seven primary funding sources: state appropriations, student tuition, student fees, ad valorem taxes, auxiliary enterprises, operating grants, and other revenue sources.

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State Appropriations

The College's state funding is determined by the state legislature's funding formula and is calculated on a biennial basis. The current formula has four components: number of credentials of value awarded, credentials of value awarded in high-demand fields, successful student transfers and completion of a sequence of dual credit courses. For the first time, funding will support the college based primarily on specific outcome metrics that are aligned with the state's higher education strategic plan, building a Talent Strong Texas, as well as regional and state workforce needs. The major outcomes driving funding in this new model include the number of high school students who complete sequences of dual credit courses; community college students who transfer successfully to four-year universities; and students who earn credentials of value, which offer purpose in the economy, value in the labor market, and meaningful opportunities for good jobs and rewarding careers. Significantly, these outcomes will also be weighted to reflect higher costs of serving students from economically and academically disadvantaged backgrounds and adult learners.

Student Tuition

Tuition for semester credit hour courses is calculated multiplying the credit load of a student time the credit hour tuition charge (\$74 per credit hour for Fiscal 2024). Courses not taken for credit are priced in accordance with the costs of administering the course and other market forces. Tuition revenue is budgeted based on enrollment targets established by the President's Leadership Team as a part of strategic planning.

Student Fees

Revenue for student fees is generated in a variety of ways. The most notable student fees are out of district fee and general use fee, assessed per credit hour at a rate of \$62 and \$15 per credit hour, respectively. Other fees include registration fees, course fees, health science fees, dual enrollment fees, and testing fees.

AdValorem Taxes

Ad valorem tax revenue is determined using the annual certified appraisal value determined by the local appraisal district. The College works closely with the Bee County Tax Assessor-Collector to determine a tax rate each year for maintenance and operations and for interest and sinking fund (debt service). The proposed tax rate is presented to the Board of Trustees for appropriate public hearings and final approval. The Bee County Tax Assessor-Collector is the responsible authority for the collection of all tax payments on the behalf of the College and remits payments throughout the year net of commissions.

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Auxiliary Enterprises

Auxiliary enterprises include commissions from Texas Book Company and receipts for student housing and the child development center.

Operating Grants

Operating grants include the cluster of federally funded TRiO programs and the Perkins Basic grant. Operating grant information is included in the budget document once approved and Notice Of Grant Award (NOGA) are received.

Other Revenue Sources

Other revenue sources include fees for vending income, incidental student fees, and other non-recurring miscellaneous receipts.

State Benefits Contribution

The State currently contributes 100% of the cost of health insurance premiums for eligible Full-time employees of the district. Premiums are paid directly by the State to the health care plan administered by the Employee Retirement System (ERS) of Texas. The State contributes 50% toward employee retirement plan through the Teacher Retirement System (TRS) of Texas for Instruction and Administrative Staff. The retirement contribution is paid directly by the State to TRS. For employees participating in an optional retirement plan (ORP), the State reimburses the College at a rate of 3.3% for eligible Instruction and Administrative staff. Since these contributions are paid directly to ERS and TRS, they are not included as budget items.

Expense Function Definitions

Budgeted expenses are presented in a format that aligns with how the final expenditures will be grouped for reporting on the annual financial report (AFR). This grouping is done using function codes to differentiate between the different areas of the college. Expense functions used by the College include instruction, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, and auxiliary enterprises, debt service, unallocated staff benefits, and contingency.

Instruction

This includes expenses for all activities that are part of an institution's instructional program. Expenses for credit and non-credit courses, for academic, vocational, and technical instruction, for developmental and tutorial instruction, and for regular, special, and extension sessions should be included. Expenses for departmental research and public service that are not separately budgeted should be included in this classification. Expenses of department chairpersons, in which instruction is still the primary role of the administrator, are included in this category. This category excludes expenses for instructional deans when the primary assignment is administration.

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Public Service

This category should include funds expended for activities that are established primarily to provide non- instructional services beneficial to individuals and groups external to the institution.

Academic Support

This category should include funds expended primarily to provide support services for the institution's primary missions: instruction, research, and public service. It includes: (1) the retention, preservation, and display of educational materials, i.e., libraries, museums, and galleries; (2) technical support, i.e., computer services and audio-visual information; and (3) separately budgeted support for course and curriculum development, and related items.

Student Services

This category should include funds expended for offices of admissions and the registrar and activities that primarily contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program.

Institutional Support

This category should include expenses for: (1) central executive level management and long-range planning of the entire institution; (2) fiscal operations; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; (7) support services for faculty and staff that do not operate as auxiliary enterprises; (8) activities concerned with community and alumni relations, including development and fundraising; (9) bad debt related to receivables that don't affect revenue (i.e. student loans); and (10) campus security. (11) academic administration, i.e., deans' salaries and office expenses.

Operations and Maintenance of Plant

This category should include all expenses of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises, hospitals, and independent operations.

Scholarships and Fellowships

This category should include expenses for scholarships and fellowships including tuition remissions and exemptions in grants to students either from selection by the institution or from an entitlement program. If the institution does not select the recipient of the award and is only custodian of the funds, the funds should be reported as a fiduciary activity on the Statement of Net Position. Recipients of grants are not required to perform service to the institution as consideration of the grant, nor are they expected to repay the amount of the grant to the funding source.

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Auxiliary Enterprises

Auxiliary enterprises include the expenses associated with student housing, the child development center, men's and women's athletics programs, and campus cultural activities.

Debt Service

While not a part of the functional expense category system, the current portion of debt service is included in the annual operating budgets as the amount to be paid within the fiscal year. The debt service payments are recognized as a reduction in liabilities in the Statement of Net Position (SNP) for principal payments and as a non-operating item on the Statement of Revenue, Expenses, and Changes in Net Position (SRECNP).

Unallocated Staff Benefits

The College's portion of employee benefits including health insurance, retirement matching, and Medicare matching is pooled as a budget item and allocated as an expense category in preparation of Schedule B– Schedule of Operating Expenses by Object in the AFR.

Contingency

The operating budget contains contingency items that allow for a contribution to the College's reserve fund balance as well as an allowance for unforeseen or emergency expenses.

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Fiscal Year Board Approved Pay Increases

Each budget cycle the Board of Trustees (Board) is presented with options on salary increases for faculty and staff. This budget cycle the Board was presented with three options for consideration based on forecasted revenues the college would receive in the upcoming fiscal year.

Option 1: 2% pay increase for all employees hired before July 15, 2023, and a \$1,000 retention payment for full-time faculty and staff and a \$500 retention payment for part-time faculty and staff. Also, consideration to increase overload and adjunct faculty pay from \$600 to \$700 per credit hour.

Option 2: 3% pay increase for all employees and a \$1,000 retention payment for full-time faculty and staff and a \$500 retention payment for part-time faculty and staff. Also, consideration to increase overload and adjunct faculty pay from \$600 to \$700 per credit hour.

Option 3: 4% pay increase for all employees and a \$1,000 retention payment for full-time faculty and staff and a \$500 retention payment for part-time faculty and staff. Also, consideration to increase overload and adjunct faculty pay from \$600 to \$700 per credit hour.

The Board chose Option 1:

2%	Bonus	Bonus	Adjunct (600)	Adjunct (625)	Adjunct (650)	Adjunct (700)	Total w/o Bonus	Total with Bonus	Additional to budget w/Bonus
\$14,795,686	\$0.00	\$189,118	\$1,075,530				\$15,871,216	\$16,060,334	0
\$14,795,686	\$0.00	\$189,118		\$1,123,338			\$15,919,024	\$16,108,142	\$47,808
\$14,795,686	\$0.00	\$189,118			\$1,168,271		\$15,963,957	\$16,153,075	\$92,741
\$14,795,686	\$0.00	\$189,118				\$1,258,138	\$16,053,824	\$16,242,942	\$182,608 Chosen by Board 7/25/23

3%	Bonus	Bonus	Adjunct (600)	Adjunct (625)	Adjunct (650)	Adjunct (700)	Total w/o Bonus	Total with Bonus	Additional to budget w/Bonus
\$15,072,572	\$0.00	\$189,118	\$1,075,530				\$16,148,102	\$16,337,220	\$276,886
\$15,072,572	\$0.00	\$189,118		\$1,123,338			\$16,195,910	\$16,385,028	\$324,694
\$15,072,572	\$0.00	\$189,118			\$1,168,271		\$16,240,843	\$16,429,961	\$369,627
\$15,072,572	\$0.00	\$189,118				\$1,258,138	\$16,330,710	\$16,519,828	\$459,494

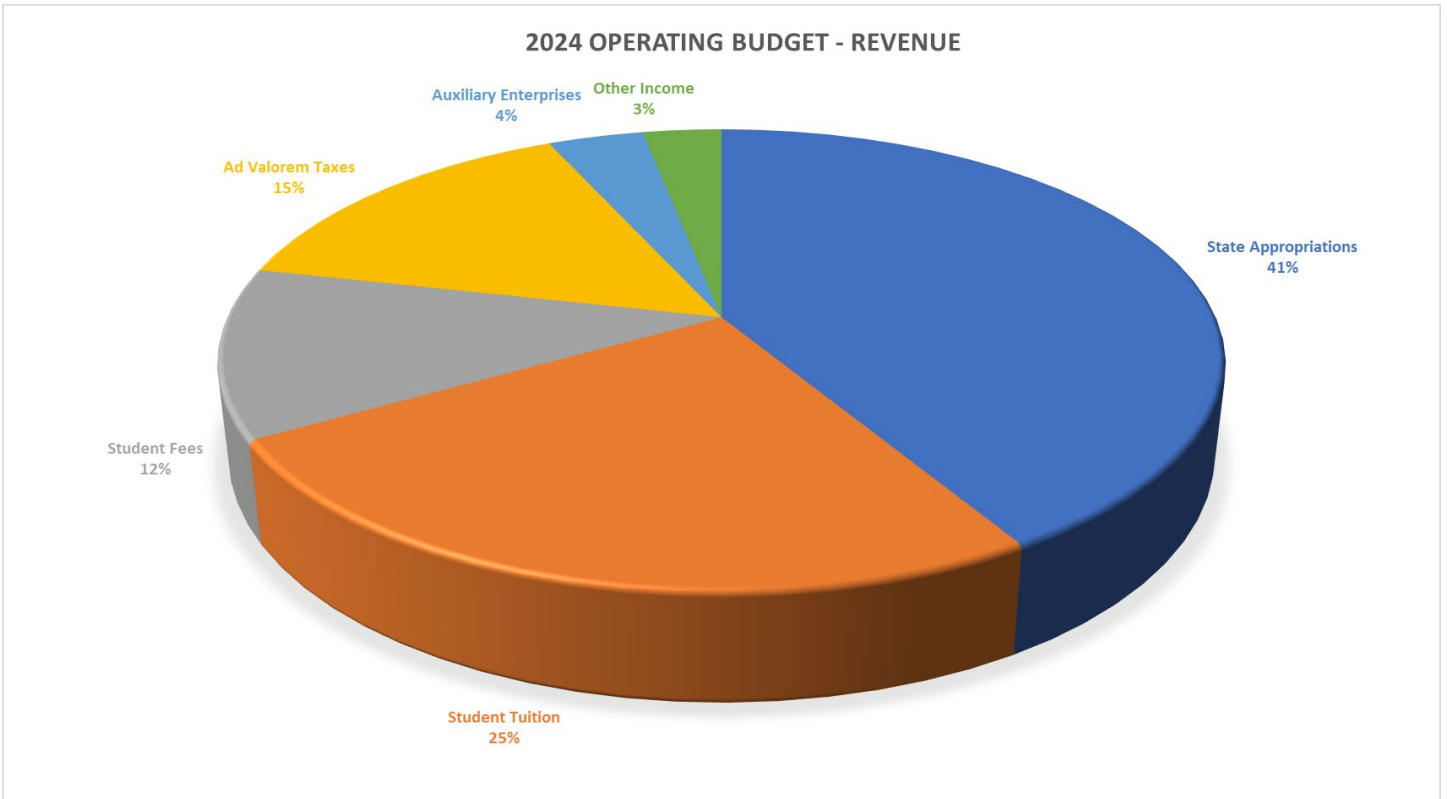
4%	Bonus	Bonus	Adjunct (600)	Adjunct (625)	Adjunct (650)	Adjunct (700)	Total w/o Bonus	Total with Bonus	Additional to budget w/Bonus
\$15,175,572	\$0.00	\$189,118	\$1,075,530				\$16,251,102	\$16,440,220	\$379,886
\$15,175,572	\$0.00	\$189,118		\$1,123,338			\$16,298,910	\$16,488,028	\$427,694
\$15,175,572	\$0.00	\$189,118			\$1,168,271		\$16,343,843	\$16,532,961	\$472,627
\$15,175,572	\$0.00	\$189,118				\$1,258,138	\$16,433,710	\$16,622,828	\$562,494

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REVENUES	FY 24				
	FY23 Approved Budget	Tentative Budget	(Increase)/ Decrease	% Change	% of Budget
State Appropriations	(6,696,908)	(10,988,947)	(4,292,039)	64%	41.18%
Student Tuition	(6,300,406)	(6,670,093)	(369,687)	6%	25.00%
Student Fees	(3,211,669)	(3,156,169)	55,500	-2%	11.83%
Ad Valorem Taxes	(3,908,714)	(3,977,484)	(183,486)	5%	15.34%
Auxiliary Enterprises	(2,497,750)	(1,088,974)	1,523,492	-61%	3.65%
Other Income	(1,266,309)	(801,223)	465,086	-37%	3.00%
Total Revenues	(23,881,756)	(26,682,890)	(2,801,134)	12%	100%

EXPENSES	FY 24				
	FY23 Approved Budget	Tentative Budget	(Increase)/ Decrease	% Change	% of Budget
Instruction	(5,319,362)	(5,167,668)	151,693	-3%	19.37%
Public Service	-	(6,250)	(6,250)	100%	0.02%
Academic Support	(540,565)	(548,898)	(8,332)	2%	2.06%
Student Services	(1,620,254)	(1,725,682)	(105,428)	7%	6.47%
Institutional Support	(6,456,936)	(8,635,665)	(2,178,729)	34%	32.36%
Operation and Maintenance	(2,556,110)	(2,526,870)	29,240	-1%	9.47%
Scholarships and Fellowships	(397,947)	(1,454,987)	(1,057,040)	266%	5.45%
Auxiliary Enterprises	(2,209,671)	(2,036,726)	172,945	-8%	7.63%
Debt Service	(566,000)	(743,494)	(177,494)	31%	2.79%
Unallocated Staff Benefits	(3,170,912)	(3,636,650)	(465,738)	15%	13.63%
Reserve for Contingency	(1,044,000)	(200,000)	844,000	-81%	0.75%
Total Expenditures	(23,881,756)	(26,682,890)	(2,801,134)	12%	100%

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