



AGENDA

COMMITTEE OF THE WHOLE OF THE BOARD OF TRUSTEES

**April 2, 2025
4:00 PM**

3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002

**NOTICE OF A MEETING OF THE
Committee of the Whole
OF THE BOARD OF TRUSTEES**

HOUSTON COMMUNITY COLLEGE

April 2, 2025

Notice is hereby given that a Meeting of the Committee of the Whole of the Board of Trustees of Houston Community College will be held on Wednesday, April 2, 2025 at 4:00 PM, or after, and from day to day as required, at 3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

I. Call to Order

- A. Opportunity for Public Comments

II. Topics For Discussion and/or Action:

- A. Monthly Investment Reports, Financial Statements and Budget Reviews for January and February 2025
- B. Budget Workshop #4: Preliminary FY2026 Operating & Other Budgets

III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:

A. Legal Matters

Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

B. Personnel Matters

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

C. Real Estate Matters

Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

IV. Additional Closed or Executive Session Authority:

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 - For the purpose of a private consultation with the Board's attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 - To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Section 551.082 - For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 - For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

V. Reconvene in Open Meeting

VI. Adjournment

CERTIFICATE OF POSTING OR GIVING NOTICE

On this **28th day of March 2025**, this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) the HCC Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002 and (2) the Houston Community College's website: www.hccs.edu.

Posted By:

Sharon R. Wright
Director, Board Services

ACTION ITEM

Meeting Date: April 2, 2025

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
A.	Monthly Investment Reports, Financial Statements and Budget Reviews for January and February 2025	Dr. Margaret Ford Fisher Dr. Sherry Hawn

RECOMMENDATION

Accept the Investment Reports, Financial Statements and Budget Reviews for the month of January and February 2025.

COMPELLING REASON AND BACKGROUND

- The monthly investment report provides the Board with a status of the investment portfolio, including book and market values, and complies with the relevant statute. This report includes the unexpended proceeds of various bond issues.
 - The portfolio is liquid and secure with 58% of the assets invested in local government pools, money market funds and interest-bearing checking accounts.
 - All pools and money market funds are rated “AAA” by Standard & Poor’s, which is the highest level. All bank deposits are secured with U.S. Treasuries/Agencies. The balance of the portfolio is invested in U.S. Treasuries and government-sponsored entities/agencies with “AAA” credit ratings.
- The monthly financial statement and budget review provides the Board with a status of the finances of the college and information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.
- Awareness and review of financial information throughout the year helps to inform decision making, and allows for mid-year adjustments, if needed.

FISCAL IMPACT

For February, the interest income earned for the month and fiscal year to date totaled \$1,088,263 and \$889,520, respectively. The weighted average interest rate (WAR) on February 28, 2025, was 4.27% compared to 4.30% last month and 5.08% a year ago.

Interest expense on outstanding debt was \$1,400,744 for the month of February 2025.

LEGAL REQUIREMENT

The investment report is required by the Public Funds Investment Act (Texas Government Code 2256.023) to be submitted to the governing body of Houston Community College no less than quarterly.

STRATEGIC ALIGNMENT

1. Student Success, 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
Financial Report Presentation	3/26/2025	Presentation
Investment Report - January 2025	3/26/2025	Attachment
Financial Statement - January 2025	3/26/2025	Attachment
Investment Report - February 2025	3/26/2025	Attachment
Financial Statement - February 2025	3/26/2025	Attachment

This item is applicable to the following: District



FY 2025

Summary of February 2025

Monthly Investment Report, Financial Statements, and Budget Review

Dr. Margaret Ford Fisher, Chancellor

Dr. Sherry Hawn, Sr. Vice Chancellor - Finance & Administration and
CFO/CBO

April 2, 2025

Fund 1: Unrestricted Revenues & Expenses Current Year

Current Fiscal Year									
	FY25 FEB BUDGET	FY25 FEB ACTUALS	VAR \$	VAR%	VAR CODE	FY25 CUM BUDGET	FY25 CUM ACTUALS	VAR \$	VAR %
REVENUES									
State Appropriations	\$ 5,686,917	\$ 20,405,991	\$ 14,719,074	258.8%	A	\$ 34,121,500	\$ 53,569,216	\$ 19,447,716	57.0%
Ad Valorem Taxes	18,698,854	73,672,639	54,973,785	294.0%	B	112,193,126	214,926,890	102,733,764	91.6%
Tuition & Fees, Net	10,519,817	1,316,512	(9,203,305)	-87.5%	C	63,118,901	108,425,251	45,306,350	71.8%
Other Local Income	1,894,684	2,195,487	300,803	15.9%	D	11,368,104	7,437,635	(3,930,469)	-34.6%
Tuition & Fees, Net -- Extended Learning	657,166	390,464	(266,702)	-40.6%	E	3,942,997	5,590,195	1,647,198	41.8%
Grant Revenue - Indirect Cost	54,167	93,104	38,937	71.9%	F	325,000	405,341	80,341	24.7%
Total Revenues	37,511,605	98,074,196	60,562,592	161.5%		225,069,627	390,354,527	165,284,900	73.4%
Fund Balance Transfers In & Rolled POs						8,904,992	8,904,992		
Total Revenues and Fund Balance Transfers						\$ 233,974,619	\$ 399,259,519		
EXPENSES									
Salaries	21,594,762	20,978,742	(616,020)	-2.9%		129,568,571	125,231,444	(4,337,127)	-3.3%
Employee Benefits	3,193,496	2,488,817	(704,678)	-22.1%	G	19,160,973	15,316,592	(3,844,381)	-20.1%
Supplies & General Expense	529,519	506,250	(23,270)	-4.4%		3,177,115	2,514,059	(663,056)	-20.9%
Travel	123,993	36,637	(87,355)	-70.5%	H	743,956	283,612	(460,343)	-61.9%
Marketing Costs	336,043	1,033,042	696,998	207.4%	I	2,016,260	1,389,365	(626,895)	-31.1%
Rentals & Leases	36,413	4,599	(31,814)	-87.4%	J	218,478	237,926	19,448	8.9%
Insurance/Risk Mgmt.	780,551	6,973	(773,578)	-99.1%	K	4,683,305	4,076,411	(606,894)	-13.0%
Contracted Services	3,233,763	1,717,582	(1,516,181)	-46.9%	L	19,402,580	14,871,862	(4,530,718)	-23.4%
Utilities	950,769	1,512,564	561,795	59.1%	M	5,704,612	4,428,701	(1,275,911)	-22.4%
Other Departmental Expenses	408,878	216,305	(192,574)	-47.1%	N	2,453,269	1,138,791	(1,314,479)	-53.6%
Instructional & Other Materials	938,887	865,830	(73,056)	-7.8%		5,633,320	4,887,401	(745,919)	-13.2%
Maintenance & Repair	265,011	211,055	(53,956)	-20.4%	O	1,590,068	1,356,056	(234,012)	-14.7%
Transfers\Debt	4,592,653	507,188	(4,085,465)	-89.0%	P	27,555,916	22,056,818	(5,499,097)	-20.0%
Contingency/Initiatives	196,140	-	(196,140)	-100.0%		1,176,840	-	(1,176,840)	-100.0%
Capital Outlay	1,742,393	1,105,563	(636,829)	-36.5%	Q	10,454,356	9,823,910	(630,446)	-6.0%
Amortization/Depreciation	-	-	-	0.0%		-	-	-	0.0%
Scholarship Distribution	72,500	-	(72,500)	-100.0%	R	435,000	-	(435,000)	-100.0%
Total Expenses	\$ 38,995,770	\$ 31,191,147	\$ (7,804,623)	-20.0%		\$ 233,974,619	\$ 207,612,948	\$ (26,361,671)	-11.3%
NET REVENUE/(EXPENSES)						\$ 0	\$ 191,646,571		

Explanation of Variance Amounts

Variance Code	Notes
A	State Appropriations occur 3 times annually; this variance is self-correcting by FYE.
B	Ad Valorem Taxes are collected December thru March; this variance is self-correcting by FYE.
C	Tuition and Fees early Spring tuition collection; this variance is self-correcting by FYE.
D	Other Local Income Includes Transfers-Out for Unrealized Gains and Losses; this variance is self-correcting by FYE.
E	Tuition and Fees, Extended Learning early Spring tuition collection; this variance is self-correcting by FYE.
F	Grant Revenue - Indirect Cost do not occur equally by month; this variance is self-correcting by FYE.
G	Employee benefits Pension & OPEB expenses will post at year-end; this variance is self-correcting by FYE.
H	Travel expenses are trending down following the travel ban in FY24; Travel will likely be under budget by FYE.
I	Marketing expenses occur based on timing of marketing campaigns; this variance is self-correcting by FYE.
J	Rental expenses occur based on events during the year; numerous events are hosted in December, including Fall Convocation. This variance is self-correcting by FYE.
K	Insurance Premiums occur at irregular intervals; this variance is self-correcting by FYE.
L	Contracted Services is trending under budget. Contracted Services will likely be under budget by FYE.
M	Utility expenses are higher during summer months and lower during colder months. Utilities increased significantly last year; the college may be overbudget on utilities expense by FYE.
N	Other Departmental expenditures occur at irregular intervals; this variance is self-correcting by FYE.
O	Maintenance & Repairs occur at irregular intervals; this variance is self-correcting by FYE.
P	Transfers/Debt occur at irregular intervals, debt payments occur twice per year; this variance is self-correcting by FYE.
Q	Capital Outlays occur at irregular intervals based on construction schedules; this variance is self-correcting by FYE.
R	Scholarships are generally awarded during Summer Semester; this variance is self-correcting by FYE.

Fund 1: Unrestricted Revenues & Expenses Prior Year

	Prior Fiscal Year							
	FY24 FEB BUDGET	FY24 FEB ACTUALS	VAR \$	VAR %	FY24 CUM BUDGET	FY24 CUM ACTUALS	VAR \$	VAR %
REVENUES								
State Appropriations	\$ 5,712,503	15,667,714	\$ 9,955,210	174.3%	\$ 34,275,019	\$ 48,190,641	\$ 13,915,622	40.6%
Ad Valorem Taxes	17,144,666	87,334,569	70,189,902	409.4%	102,867,998	199,644,651	96,776,653	94.1%
Tuition & Fees, Net	8,866,680	1,211,512	(7,655,168)	-86.3%	53,200,079	96,063,679	42,863,601	80.6%
Other Local Income	416,667	1,635,766	1,219,099	292.6%	2,500,000	11,152,194	8,652,194	346.1%
Tuition & Fees, Net -- Extended Learning	405,226	481,047	75,821	18.7%	2,431,357	5,258,392	2,827,035	116.3%
Grant Revenue - Indirect Cost	54,167	72,554	18,387	33.9%	325,000	340,096	15,096	4.6%
Total Revenues	32,599,909	106,403,160	73,803,252	226.4%	195,599,452	360,649,654	165,050,202	84.4%
Fund Balance Transfers In & Rolled POs					3,522,991	3,522,991		
Total Revenues and Fund Balance Transfers					\$ 199,122,443	\$ 364,172,645		
EXPENSES								
Salaries	19,694,311	18,661,252	(1,033,059)	-5.2%	118,427,009	111,671,949	(6,755,061)	-5.7%
Employee Benefits	2,927,326	333,149	(2,594,177)	-88.6%	17,563,956	12,332,263	(5,231,693)	-29.8%
Supplies & General Expense	412,629	493,917	81,288	19.7%	2,464,124	2,069,615	(394,509)	-16.0%
Travel	102,904	43,469	(59,435)	-57.8%	615,807	266,070	(349,737)	-56.8%
Marketing Costs	313,094	125,775	(187,319)	-59.8%	1,896,611	1,146,904	(749,707)	-39.5%
Rentals & Leases	39,862	21,885	(17,977)	-45.1%	230,218	151,734	(78,484)	-34.1%
Insurance/Risk Mgmt.	678,872	3,969,677	3,290,805	484.7%	4,073,230	7,621,315	3,548,085	87.1%
Contracted Services	2,820,782	1,936,182	(884,600)	-31.4%	16,678,849	12,130,741	(4,548,108)	-27.3%
Utilities	727,438	722,937	(4,501)	-0.6%	4,364,629	4,145,069	(219,559)	-5.0%
Other Departmental Expenses	342,075	114,094	(227,982)	-66.6%	2,045,843	1,157,583	(888,261)	-43.4%
Instructional & Other Materials	960,105	958,233	(1,873)	-0.2%	5,330,391	7,094,953	1,764,562	33.1%
Maintenance & Repair	158,754	137,317	(21,437)	-13.5%	948,926	627,991	(320,935)	-33.8%
Transfers\Debt	3,464,092	253,777	(3,210,315)	-92.7%	20,461,792	16,446,672	(4,015,119)	-19.6%
Contingency/Initiatives	102,669	459,754	357,085	347.8%	920,381	-	(920,381)	-100.0%
Capital Outlay	384,660	-	(384,660)	-100.0%	2,755,678	1,729,608	(1,026,070)	-37.2%
Amortization/Depreciation	-	330,357	330,357	0.0%	-	-	-	0.0%
Scholarship Distribution	57,500	-	(57,500)	-100.0%	345,000	-	(345,000)	-100.0%
Total Expenses	\$ 33,187,074	\$ 28,561,773	\$ (4,567,801)	-13.8%	\$ 199,122,443	\$ 178,592,467	\$(20,529,976)	-10.3%
NET REVENUE/(EXPENSES)					\$	(0)	\$ 185,580,178	

Thank You



HOUSTON COMMUNITY COLLEGE SYSTEM

MONTHLY INVESTMENT REPORT

For the Month of January 2025

Prepared by
Finance & Administration Division

The investment portfolio of the Houston Community College System is in compliance with the Public Funds Investment Act and the College's Investment Policy and Strategies.

/s/ Sherry Hawn

Sherry Hawn, JD, CPA

Senior Vice Chancellor, Finance & Administration and CFO/CBO

/s/ Dawn Stephens

Dawn Stephens

Interim Associate Vice Chancellor, Finance & Accounting

/s/ Victor Onwumere

Victor Onwumere

Executive Director, Finance & Treasury

HOUSTON COMMUNITY COLLEGE SYSTEM
INVESTMENT PORTFOLIO COMPOSITION
January 31, 2025

Beginning Book Value (January 1, 2025)	\$	398,841,699
Beginning Market Value (January 1, 2025)	\$	400,681,690
Additions/Subtractions (Book Value - Net)	\$	127,649,011
Change in Market Value	\$	15,289,544
Ending Book Value (January 31, 2025)	\$	526,490,710
Ending Market Value (January 31, 2025)	\$	528,571,736
Unrealized Gain/(Loss)	\$	2,081,026
WAM (63% of Portfolio's Weighted Average Maturity)		1 day
WAM (37% of Portfolio's Weighted Average Maturity - Securities Held To Maturity)		257

* Net amount provided/(for) operations	\$	177,616,111
* Net amount provided/(for) CIP/others		32,900
	\$	<u>177,649,011</u>

EXECUTIVE SUMMARY
INVENTORY HOLDINGS REPORT
January 31, 2025

	Ending Book Value	Ending Market Value	Unrealized Gain (Loss)
US Treasuries	\$ 171,125,418	\$ 173,077,448	\$ 1,952,030
US Agencies	24,416,059	24,545,055	128,996
Local Government Pools	127,914,242	127,914,242	-
Money Market Funds	152,958,695	152,958,695	-
Certificate of Deposit	50,000,000	50,000,000	-
Interest Bearing Checking	76,296	76,296	-
Total	<u>\$ 526,490,710</u>	<u>\$ 528,571,736</u>	<u>\$ 2,081,026</u>
WAR (Weighted Average Interest Rate)		<u>4.30%</u>	

INVESTMENTS
INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)
January 31, 2025

Description	Held At	Interest Rate	Purchase Date	Maturity Date	Par	Discount AMT	Beginning Mkt. Value	Beginning Book Value	Net Change	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Fannie Mae ARM Pool 708686	Bank of America	4.07%	02/22/05	05/01/33	7,906	\$ (1,468)	\$ 8,068	\$ 9,374	\$ (56)	\$ 9,319	\$ 8,021	\$ (47)	\$ (1,298)
Fannie Mae ARM Pool 805454	Bank of America	4.67%	12/23/04	12/01/34	8,821	(5,930)	9,029	14,751	(68)	14,683	8,961	(67)	(5,721)
Federal Home Loan Bank Global Unsecured	Bank of America	0.38%	01/19/24	09/04/25	10,000,000	635,453	9,738,797	9,364,548	-	9,364,548	9,772,781	33,984	408,234
U.S. Treasury Note US Govt Treasury	Bank of America	1.75%	10/19/23	03/15/25	10,000,000	488,256	9,949,609	9,511,744	-	9,511,744	9,973,307	23,698	461,563
U.S. Treasury Note US Govt Treasury	Bank of America	1.75%	01/19/24	03/15/25	5,000,000	160,500	4,974,805	4,839,500	-	4,839,500	4,986,654	11,849	147,154
U.S. Treasury Note US Govt Treasury	Bank of America	0.50%	01/19/24	03/31/25	10,000,000	475,000	9,910,547	9,525,000	-	9,525,000	9,942,708	32,161	417,708
U.S. Treasury Note US Govt Treasury	Bank of America	2.75%	02/08/24	05/15/25	5,000,000	115,500	4,972,500	4,884,500	-	4,884,500	4,978,086	5,586	93,586
U.S. Treasury Note US Govt Treasury	Bank of America	2.63%	02/08/24	04/15/25	15,000,000	348,047	14,930,039	14,651,953	-	14,651,953	14,950,078	20,039	298,125
U.S. Treasury Note US Govt Treasury	Bank of America	2.88%	02/08/24	06/15/25	5,000,000	112,305	4,969,805	4,887,695	-	4,887,695	4,973,281	3,477	85,586
U.S. Treasury Note US Govt Treasury	Bank of America	3.50%	03/05/24	09/15/25	5,000,000	87,500	4,973,389	4,912,500	-	4,912,500	4,975,430	2,041	62,930
U.S. Treasury Note US Govt Treasury	Bank of America	3.50%	03/05/24	09/15/25	5,000,000	87,150	4,973,389	4,912,850	-	4,912,850	4,975,430	2,041	62,580
U.S. Treasury Note US Govt Treasury	Bank of America	0.25%	03/20/24	09/30/25	10,000,000	661,500	9,709,297	9,338,500	-	9,338,500	9,740,625	31,328	402,125
U.S. Treasury Note US Govt Treasury	Bank of America	4.25%	03/28/24	10/15/25	5,000,000	35,547	5,001,250	4,964,453	-	4,964,453	4,998,320	(2,930)	33,867
U.S. Treasury Note US Govt Treasury	Bank of America	4.25%	03/28/24	10/15/25	5,000,000	35,938	5,001,250	4,964,063	-	4,964,063	4,998,320	(2,930)	34,258
U.S. Treasury Note US Govt Treasury	Bank of America	5.00%	04/24/24	10/31/25	5,000,000	2,214	5,028,828	4,997,786	-	4,997,786	5,025,313	(3,516)	27,526
U.S. Treasury Note US Govt Treasury	Bank of America	4.00%	04/11/24	12/15/25	10,000,000	162,109	9,982,969	9,837,891	-	9,837,891	9,979,037	(3,932)	141,146
U.S. Treasury Note US Govt Treasury	Bank of America	3.38%	09/16/24	09/15/27	10,000,000	33,594	9,771,094	9,966,406	-	9,966,406	9,781,250	10,156	(185,156)
U.S. Treasury Note US Govt Treasury	Bank of America	2.75%	10/25/24	07/31/27	15,000,000	15,000,000	14,444,531	14,510,850	-	14,510,850	14,467,969	23,438	(42,881)
U.S. Treasury Note US Govt Treasury	Bank of America	3.88%	10/15/24	10/15/27	10,000,000	10,000,000	9,893,750	9,996,484	-	9,996,484	9,899,219	5,469	(97,266)
FARMER MAC DOMESTIC MTN UNSECURED	Bank of America	3.63%	09/13/24	09/13/27	15,000,000	(27,510)	14,734,937	15,027,510	-	15,027,510	14,755,292	20,356	(272,218)
U.S. Treasury Note US Govt Treasury	Bank of America	3.75%	12/5/2024	8/31/2026	10,000,000	10,000,000	9,920,313	9,937,500	-	9,937,500	9,925,000	4,688	(12,500)
U.S. Treasury Note US Govt Treasury	Bank of America	3.75%	12/5/2024	8/31/2026	10,000,000	10,000,000	9,920,313	9,930,859	-	9,930,859	9,925,000	4,688	(5,859)
U.S. Treasury Note US Govt Treasury	Bank of America	0.88%	12/5/2024	6/30/2026	10,000,000	10,000,000	9,514,453	9,506,250	-	9,506,250	9,543,750	29,297	37,500
U.S. Treasury Note US Govt Treasury	Bank of America	4.50%	1/29/2025	3/31/2026	15,000,000	(48,633)			15,048,633	15,048,633	15,038,672	15,038,672	(9,961)
Debt Service 2001A Bond Interest Checking	Bank of America	1.83%				-	1,285	1,285	2	1,287	1,287	-	-
HCCS Merchant Service	Bank of America	0.79%				-	6,286	6,286	(3,278)	3,008	3,008	-	-
LTD 2013 Tax Bond General Checking	Bank of America	1.77%				-	117,738	117,738	(45,737)	72,001	72,001	-	-
Chase Certificate of Deposit	Chase	3.42%					50,000,000	50,000,000	-	50,000,000	50,000,000	-	-
Merrill Lynch (Morgan Stanley Govt/Goldman Sachs)	Bank of America	3.70%				-	37,757,824	37,757,824	112,148,179	149,906,002	149,906,002	-	-
Money Market 2006 Jr. Lien Debt Reserve	Bank of America	3.70%				-	3,041,082	3,041,082	11,610	3,052,692	3,052,692	-	-
Lone Star (Corporate Overnight Fund)	State Street Bank	4.09%				-	57,307,841	57,307,841	221,884	57,529,725	57,529,725	-	-
TexPool	State Street Bank	4.03%				-	70,116,675	70,116,675	267,842	70,384,517	70,384,517	-	-
TOTAL							\$ 400,681,690	\$ 398,841,699	\$ 127,649,011	\$ 526,490,710	\$ 528,571,736	\$ 15,289,544	\$ 2,081,026



Summary Operating Statements

For the Period
September 1, 2024 - January 31, 2025

For the Meeting of the Board of Trustees - April 2, 2025

for

Houston Community College System



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For the Period September 1, 2023 - January 31, 2025

Houston Community College System

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Summary of Financial Statements As of January 31, 2025

On June 26, 2024, the Board of Trustees approved the FY 2025 operating budget totaling \$465.1 million. The FY 2025 budget included conservative revenue and expense estimates. Included in the FY 2025 budget is a fund balance transfer totaling \$15 million to continue addressing deferred maintenance. Other major operating expenses were also approved to address IT Network/Infrastructure, \$5M; Safety and Security, \$2.3M; Instructional Services Support, \$2.5M; and Dual Credit Support, \$1.1M.

The Board approved the FY 2025 Auxiliary budget, Restricted Funds budget, and the Capital and Technology Plan budget. The approved FY 2025 Auxiliary Services budget totals \$8.6 million. Overall, this is a 10% increase compared to the prior year, primarily due to increased scholarship funding for students, annual salary increases, and the rental of HCCS space for campus wide events. The Restricted budget totals \$144.6 million for grant activities, financial aid, and payments for employee benefits. Finally, the approved Capital and Technology Plan budget totals \$7.9 million, which is earmarked for the continuation of asset upgrades and replacement of information and instructional technology equipment.

The Unrestricted Fund as of January 31, 2025, total revenues, fund balance transfers and rolled purchase orders (POs) are \$310.1 million. This represents 66.3% of the budgeted total of \$467.9 million. Expenses total \$176.4 million to date, which is 37.7% of the total expense budget of \$467.9 million. Compared with the same period last year, revenues and transfers are higher by 18.7% and expenses are higher by 17.4%. Actual net revenue is \$133.7 million to date.

Ad Valorem Tax revenue for Maintenance & Operations (M&O) is estimated to increase by 5.7% for FY 2025, which is 2.3% less than the statutorily allowed maximum increase of 8%. Property tax valuations in the taxing district increased 1.2%. This increase is much lower than the average annual increase of 6% experienced over the last 10 years in the taxing district. Ad Valorem tax revenue is higher when compared to last year. Taxes are billed in October and collected during the periods of December through February. Tax revenue will normalize and fall within budget by year end.

State appropriations are slightly higher when compared to prior year, however, appropriations are expected to be within budget by year-end.

Tuition and fees, net, which include revenues for semester credit hour (SCH) courses, are **12.9%** higher than last year at this time. Gross tuition and fee revenues are up 12.6% compared to last year due to increased enrollments and increased program offerings in high demand fields (see page 9). Total waivers and exemptions increased by 10.8% primarily due to Dual Credit waivers.

Extended learning tuition and fees, net are 8.8% higher than last year at this time. Gross tuition and fees revenues are up by 8.8%.

Actual salaries for FY 2025 are 12.1% higher compared to FY 2024; this is due primarily to a Board approved salary increase of 7.5% for faculty, full-time employees, part-time hourly staff, and a 4% increase for executive staff. Employee benefits are higher by 6.9% for FY 2025 compared to FY 2024.

Transfers/Debt remain high due to continuing the budgeted transfers for Deferred Maintenance and technology fees.

Several line-item expenses (supplies, travel, marketing, insurance, contracted services, instructional and other material, etc.) have variances due to timing differences in recording transactions from year-to-year. Expenses are expected to be within budget by year-end.

Debt interest expense for the month totaled \$1,550,824 compared to this time in FY 2024 of \$1,563,940.

HOUSTON COMMUNITY COLLEGE SYSTEM
Statement of Revenues, Expenses and Fund Balances - All Funds
As of January 31, 2025

	Unrestricted	Restricted	Auxiliary	Loans	Scholarship	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Total
Revenues	\$ 292,280,331	\$ 18,405,547	\$ 4,387,651	\$ -	\$ 63,258,188	\$ 946,584	\$ -	\$ 29,236,000	\$ 290,777	\$ 408,805,078
Expenses										
Salaries	104,252,702	2,370,500	361,285	-	1,107,894	-	-	-	-	108,092,380
Employee Benefits	12,827,774	8,462,663	67,629	-	-	-	-	-	-	21,358,066
Supplies & General Expense	2,007,809	113,133	246,331	-	-	68,505	68,384	-	-	2,504,162
Travel	246,975	23,025	2,738	-	-	-	-	-	-	272,738
Marketing Costs	356,323	47,232	270	-	-	-	-	-	-	403,824
Rentals & Leases	233,327	-	690	-	-	1,142	-	-	-	235,159
Insurance/Risk Mgmt.	4,069,438	838	623	-	-	-	-	-	-	4,070,899
Contracted Services	13,154,280	284,373	513,675	-	-	4,287	108,565	298,466	-	14,363,646
Utilities	2,916,137	-	122,940	-	-	-	-	-	-	3,039,077
Other Departmental Expenses	922,486	235,390	231,292	-	147,784	-	-	-	-	1,536,952
Instructional & Other Materials	4,021,571	286,117	-	-	-	24,877	-	-	-	4,332,565
Maintenance & Repair	1,145,001	-	741	-	-	-	(287)	-	-	1,145,455
Transfers (In)/Out ¹	21,542,606	-	-	-	(591,254)	(993,098)	(24,572,500)	4,614,246	-	-
Debt	7,025	-	-	-	-	-	-	678,660	-	685,685
Capital Outlay	8,718,347	269,690	85,944	-	-	2,595,555	4,168,165	-	-	15,837,700
Amortization/Depreciation	-	-	-	-	-	-	-	-	14,638,602	14,638,602
Scholarship Distribution	-	-	665,727	-	62,609,294	-	-	-	-	63,275,021
Total Expenses	176,421,801	12,092,960	2,299,883	-	63,273,718	1,701,268	(20,227,673)	5,591,372	14,638,602	255,791,932
Net Revenues/(Expenses)	115,858,530	6,312,587	2,087,768	-	(15,530)	(754,683)	20,227,673	23,644,628	(14,347,825)	153,013,146
Other Adjustments and Transfers										
Debt Principal Payments ²	(48,000,000)	-	-	-	-	-	-	-	48,000,000	-
Debt Refinancing	-	-	-	-	-	-	-	-	-	-
Capitalization of Assets & CIP ²	2,948,623	116,568	-	-	-	944,091	3,123,592	-	1,540,184	8,673,058
Transfers of Completed Projects/Assets	(2,948,623)	(116,568)	-	-	-	(610,246)	(741,421)	-	4,416,858	-
Transfers of Balances between Funds	-	-	-	-	-	-	-	-	-	-
Total Other Adjustments and Transfers	(48,000,000)	-	-	-	-	333,845	2,382,171	-	53,957,042	8,673,058
Beginning Fund Balances, Audited	68,450,207	1,058,425	22,536,108	238,698	3,181,945	85,619,954	28,679,244	18,825,701	505,730,743	734,321,025
Ending Fund Balances	\$ 136,308,737	\$ 7,371,012	\$ 24,623,876	\$ 238,698	3,166,414	\$ 85,199,116	\$ 51,289,087	\$ 42,470,329	\$ 545,339,960	\$ 896,007,227

¹Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds.

²Per government accounting practices, items included in the expenses category above are subsequently deducted from YTD expenses shown above and reclassified as increases or decreases to appropriate asset and liability line items on the balance sheet (page 8). Also, includes GASB 96 SBITA.

HOUSTON COMMUNITY COLLEGE SYSTEM
Unrestricted Revenues and Expenses
Comparison to Budget and Previous Fiscal Year
As of January 31, 2025
33.3% of Year

	Budget Comparison			Previous Fiscal Year Comparison			
	FY 2025 Adjusted Budget & Actuals						
	FY 2025 Adjusted Budget	Year-to-Date Actuals Thru January 31, 2025	Actuals as a % of Budget	Year-to-Date Actuals Thru January 31, 2025	Year-to-Date Actuals Thru January 31, 2024	Increase (Decrease) FY 2025 Compared to FY 2024	% Increase (Decrease)
REVENUES							
State Appropriations	\$ 68,243,000	\$ 33,163,225	48.6%	\$ 33,163,225	\$ 32,522,927	\$ 640,298	2.0%
Ad Valorem Taxes	224,386,251	141,254,251	63.0%	141,254,251	112,310,083	28,944,168	25.8%
Tuition & Fees, Net	126,237,802	107,108,739	84.8%	107,108,739	94,852,167	12,256,572	12.9%
Other Local Income	22,736,208	5,242,149	23.1%	5,242,149	9,516,428	(4,274,280)	-44.9%
Tuition & Fees, Net -- Extended Learning	7,885,993	5,199,730	65.9%	5,199,730	4,777,346	422,385	8.8%
Grant Revenue - Indirect Cost	650,000	312,237	48.0%	312,237	267,543	44,694	16.7%
Total Revenues	450,139,254	292,280,331	64.9%	292,280,331	254,246,494	38,033,838	15.0%
Fund Balance Transfers In & Rolled POs	17,809,983	17,809,983	100.0%	17,809,983	7,045,981	10,764,002	152.8%
Total Revenues and Fund Balance Transfers	\$ 467,949,237	\$ 310,090,314	66.3%	\$ 310,090,314	\$ 261,292,475	\$ 48,797,839	18.7%
EXPENSES							
Salaries	259,448,143	104,252,702	40.2%	104,252,702	93,010,696	11,242,006	12.1%
Employee Benefits	38,321,946	12,827,774	33.5%	12,827,774	11,999,114	828,660	6.9%
Supplies & General Expense	6,348,814	2,007,809	31.6%	2,007,809	1,575,698	432,111	27.4%
Travel	1,461,537	246,975	16.9%	246,975	222,601	24,374	10.9%
Marketing Costs	4,044,561	356,323	8.8%	356,323	1,021,129	(664,807)	-65.1%
Rentals & Leases	467,810	233,327	49.9%	233,327	129,849	103,477	79.7%
Insurance/Risk Mgmt.	9,366,460	4,069,438	43.4%	4,069,438	3,651,638	417,800	11.4%
Contracted Services	38,975,941	13,154,280	33.7%	13,154,280	10,194,559	2,959,721	29.0%
Utilities	11,412,083	2,916,137	25.6%	2,916,137	3,422,132	(505,995)	-14.8%
Other Departmental Expenses	4,771,180	922,486	19.3%	922,486	1,043,489	(121,003)	-11.6%
Instructional & Other Materials	11,390,920	4,021,571	35.3%	4,021,571	6,136,721	(2,115,150)	-34.5%
Maintenance & Repair	3,188,927	1,145,001	35.9%	1,145,001	490,674	654,327	133.4%
Transfers\Debt	55,111,831	21,549,631	39.1%	21,549,631	15,986,918	5,562,712	34.8%
Contingency/Initiatives	2,066,146	-	0.0%	-	-	-	0.0%
Capital Outlay	20,702,940	8,718,347	42.1%	8,718,347	1,399,252	7,319,095	523.1%
Amortization/Depreciation	-	-	0.0%	-	-	-	0.0%
Scholarship Distribution	870,000	-	0.0%	-	-	-	0.0%
Total Expenses	\$ 467,949,237	\$ 176,421,801	37.7%	\$ 176,421,801	\$ 150,284,471	\$ 26,137,330	17.4%
NET REVENUE/(EXPENSES)	\$ -	\$ 133,668,513		\$ 133,668,513	\$ 111,008,004	\$ 22,660,509	

HOUSTON COMMUNITY COLLEGE SYSTEM

Auxiliary Revenues and Expenses by Fund

As of January 31, 2025

Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary*	Bookstore Commission	Scholarships	Subtotal Uncommitted
Revenues	\$ 2,202,838	\$ 124,678	\$ 597,829	\$ -	\$ 2,925,345
Expenses					
Salaries	125,267	44,618	-	26,979	196,864
Employee Benefits	29,966	5,440	-	245	35,651
Supplies & General Expense	9,853	46,769	-	-	56,623
Travel	-	-	-	-	-
Marketing Costs	270	-	-	-	270
Rentals & Leases	-	-	-	-	-
Insurance/Risk Mgmt.	-	-	-	-	-
Contracted Services	458,574	16,394	-	-	474,968
Utilities	122,940	-	-	-	122,940
Other Departmental Expenses	300	197,592	-	-	197,892
Instructional & Other Materials	-	-	-	-	-
Maintenance & Repair	741	-	-	-	741
Transfers/Debt	-	-	-	-	-
Capital Outlay	24,285	13,965	-	638,764	677,013
Scholarship Distribution	-	4,963	-	-	4,963
Total Expenses	<u>772,196</u>	<u>329,741</u>	<u>-</u>	<u>665,987</u>	<u>1,767,925</u>
Contribution to Fund Balance	<u>\$ 1,430,642</u>	<u>\$ (205,063)</u>	<u>\$ 597,829</u>	<u>\$ (665,987)</u>	<u>1,157,420</u>
Beginning Fund Balance, Audited					<u>18,426,404</u>
Ending Fund Balance					<u>\$ 19,583,824</u>

* Expenditures in this category include Minority Male Initiative, Government Relations, Mobile Go, etc.

HOUSTON COMMUNITY COLLEGE SYSTEM

Auxiliary Revenues and Expenses By Fund

As of January 31, 2025

Auxiliary Funds - International and Committed Portions

	<u>International</u>		<u>Committed</u>				<u>Total</u>
	<u>Other International Initiatives</u>	<u>Subtotal International</u>	<u>Student Vending Commission</u>	<u>Student Activity Fee</u>	<u>Student Athletic Fee</u>	<u>Subtotal Committed</u>	<u>Total Auxiliary</u>
Revenues	\$ -	\$ -	\$ -	\$ 830,748	\$ 631,558	\$ 1,462,306	\$ 4,387,651
Expenses							
Salaries	-	-	-	7,658	156,763	164,421	361,285
Employee Benefits	-	-	-	72	31,906	31,978	67,629
Supplies & General Expense	61	61	-	161,507	28,140	189,648	246,331
Travel	-	-	-	2,738	-	2,738	2,738
Marketing Costs	-	-	-	-	-	-	270
Rentals & Leases	-	-	-	-	690	690	690
Insurance/Risk Mgmt.	-	-	-	532	91	623	623
Contracted Services	-	-	-	26,725	11,982	38,707	513,675
Utilities	-	-	-	-	-	-	122,940
Other Departmental Expenses	143	143	-	29,367	3,890	33,257	231,292
Instructional & Other Materials	-	-	-	-	-	-	-
Maintenance & Repair	-	-	-	-	-	-	741
Transfers/Debt	-	-	-	-	-	-	-
Capital Outlay	-	-	-	22,059	25,635	47,694	724,707
Scholarship Distribution	-	-	-	22,000	-	22,000	26,963
Total Expenses	203	203	-	272,658	259,097	531,755	2,299,883
Contribution to Fund Balance	(203)	(203)	-	558,089	372,461	930,551	2,087,768
Beginning Fund Balance, Audited		1,559,228	(1,284,080)	1,957,474	1,877,082	2,550,476	22,536,108
Ending Fund Balance	\$ 1,559,025		\$ (1,284,080)	\$ 2,515,563	\$ 2,249,544	\$ 3,481,027	\$ 24,623,876

HOUSTON COMMUNITY COLLEGE SYSTEM
Unrestricted Adjusted Budgets and Actuals by Division - Summary Comparison
As of January 31, 2025
33.3% of Year

Division	FY 2025 Adjusted Budget	Actuals as of January 31, 2025	% Spent	FY 2024 Adjusted Budget	Actuals as of January 31, 2024	% Spent
Central College	\$ 15,568,558	\$ 6,114,569	39.3%	\$ 13,447,173	5,218,872	38.8%
Northwest College	19,328,016	7,164,512	37.1%	17,005,448	6,583,943	38.7%
Northeast College	16,668,189	6,850,845	41.1%	14,225,012	5,803,611	40.8%
Southwest College	16,912,192	7,007,313	41.4%	14,548,127	6,018,199	41.4%
Southeast College	17,938,828	7,773,685	43.3%	16,023,612	6,331,983	39.5%
Coleman College	22,416,650	8,579,755	38.3%	19,154,434	7,211,069	37.6%
Academic Instruction	83,745,114	36,727,360	43.9%	76,806,615	31,968,552	41.6%
Office of the Chancellor	18,415,144	5,640,009	30.6%	18,892,638	6,426,251	34.0%
Instructional Services	13,082,573	3,311,520	25.3%	10,606,936	2,870,957	27.1%
Online College	3,256,013	1,248,183	38.3%	2,584,340	913,758	35.4%
Student Services	10,839,215	3,385,954	31.2%	9,326,001	3,149,188	33.8%
Strategy, Planning & Institutional Effectiveness	5,493,366	1,788,642	32.6%	5,257,260	1,717,170	32.7%
External & Governmental Relations, Transfers and Alumni Relations	2,239,248	534,144	23.9%	1,675,760	107,219	6.4%
Legal & Compliance	17,683,118	6,635,660	37.5%	16,386,847	5,931,821	36.2%
Finance & Accounting	81,908,669	35,260,403	43.0%	68,593,216	28,415,965	41.4%
System	122,454,345	38,399,246	31.4%	93,711,467	31,615,913	33.7%
Grand Total	\$ 467,949,237	\$ 176,421,801	37.7%	\$ 398,244,885	\$ 150,284,471	37.7%

HOUSTON COMMUNITY COLLEGE SYSTEM

Balance Sheet by Fund

As of January 31, 2025

	CURRENT & LOAN FUNDS ¹	PLANT & BOND FUNDS ²	TOTAL ALL FUNDS	PRIOR YEAR TOTAL ALL FUNDS
ASSETS				
Current Assets:				
Cash & cash equivalents	\$ 188,432,049	\$ 138,071,508	\$ 326,503,557	\$ 258,745,698
Short-term Investments	-	-	-	29,736,315
Accounts receivable (net)	68,079,084	1,319,989	69,399,073	3,820,287
Deferred charges	24,294	-	24,294	19,092,614
Prepays	4,808,297	-	4,808,297	24,276,204
Total Current Assets	261,343,724	139,391,497	400,735,221	335,671,118
Non-current Assets:				
Restricted cash & cash equivalents	-	25,006,629	25,006,629	29,056,899
Restricted long-term investments	-	16,983	16,983	143,424,474
Long-term investments	197,605,521	-	197,605,521	20,465,825
Long-term lease receivable	19,116,007	-	19,116,007	-
Capital assets, net	7,752,155	1,130,658,290	1,138,410,445	1,144,265,340
Total Non-current Assets	224,473,683	1,155,681,902	1,380,155,585	1,337,212,538
Total Assets	\$ 485,817,407	\$ 1,295,073,399	\$ 1,780,890,806	\$ 1,672,883,656
Deferred Outflows of Resources:				
OPEB	9,794,624	-	9,794,624	9,794,624
Pension	37,434,988	-	37,434,988	37,434,988
Advance Funding Valuation	-	1,563,806	1,563,806	1,563,806
Total Deferred Outflows of Resources	\$ 47,229,612	\$ 1,563,806	\$ 48,793,418	\$ 48,793,418
Total Assets and Deferred Outflows of Resources	\$ 533,047,019	\$ 1,296,637,205	\$ 1,829,684,224	\$ 1,721,677,074
LIABILITIES				
Current Liabilities:				
Accounts payable	17,188,328	471,330	17,659,658	13,700,554
Accrued Interest- SBITA	276,218	-	276,218	276,218
Accrued liabilities	411,701	671,381	1,083,082	18,074,315
Compensated absences	4,955,308	-	4,955,308	4,955,308
Funds held for others	1,387,523	189,211	1,576,734	908,680
Deferred revenue	661,021	-	661,021	40,229,119
SBITA- Current portion	3,399,100	-	3,399,100	3,399,100
Net OPEB liability-current portion	3,565,628	-	3,565,628	3,565,628
Notes payable-current portion	-	541,273	541,273	720,798
Bonds payable-current portion	-	41,215,000	41,215,000	41,215,000
Total Current Liabilities	31,844,827	43,088,195	74,933,022	127,044,720
Non-current Liabilities:				
SBITA Liability	3,984,779	-	3,984,779	3,984,779
Net OPEB liability	123,908,453	-	123,908,453	123,908,453
Net pension liability	105,104,799	-	105,104,799	105,104,799
Notes payable	-	1,770,569	1,770,569	1,770,569
Bonds payable	-	517,639,133	517,639,133	517,639,133
Total Non-current Liabilities	232,998,031	519,409,702	752,407,733	752,407,733
Total Liabilities	\$ 264,842,858	\$ 562,497,897	\$ 827,340,755	\$ 879,452,453
Deferred Inflows of Resources:				
Leases	23,054,722	-	23,054,722	24,622,076
OPEB	60,962,942	-	60,962,942	60,962,942
Pension	12,477,761	-	12,477,761	12,477,761
Advance Funding Valuation	-	9,840,817	9,840,817	9,840,817
Total Deferred Inflows of Resources	\$ 96,495,425	\$ 9,840,817	\$ 106,336,242	\$ 107,903,596
Total Liabilities and Deferred Inflows of Resources	\$ 361,338,283	\$ 572,338,714	\$ 933,676,997	\$ 987,356,049
Beginning Fund Balances, Audited	95,465,383	638,855,642	734,321,025	655,881,162
Net Revenue/(Expenses)				
Unrestricted	69,946,297	-	69,946,297	22,698,096
Restricted	6,297,056	-	6,297,056	950,125
Net Investment in Plant	-	85,442,849	85,442,849	54,791,642
Ending Fund Balances	\$ 171,708,737	\$ 724,298,491	\$ 896,007,227	\$ 734,321,025
Total Liabilities & Fund Balances	\$ 533,047,019	\$ 1,296,637,205	\$ 1,829,684,224	\$ 1,721,677,074

¹ Includes Unrestricted, Restricted, Loan & Endowment, Scholarship, Agency and Auxiliary Funds.

² Includes Unexpended Plant, Retirement of Debt and Investment in Plant Funds.

HOUSTON COMMUNITY COLLEGE SYSTEM

Exemptions and Waivers Detail

As of January 31, 2025

	FY 2024		FY 2025		Actuals % Inc/(Dec)YTD vs. PriorYTD
	Prior Year	Year-to-Date	Year-to-Date		
	Activity thru 8/31/2024	Activity thru 01/31/2024	Activity thru 01/31/2025		
Tuition & Fees					
Budget:					
Adjusted Budget, Annual*	\$ 106,400,157	\$ 101,709,073	\$ 126,237,802		24.1%
Revenues:					
Gross Tuition & Fees	134,172,076	111,254,689	125,281,979		12.6%
Waivers & Exemptions:					
Dual Credit & Early College HS	(16,567,432)	(14,563,714)	(16,183,057)		11.1%
Other	(2,786,646)	(1,838,808)	(1,990,183)		8.2%
Total Waivers & Exemptions	(19,354,078)	(16,402,522)	(18,173,240)		10.8%
Total Tuition & Fees Revenue, Net	\$ 114,817,998	\$ 94,852,167	\$ 107,108,739		12.9%

Tuition & Fees - Extended Learning (EL)					
Budget:					
Adjusted Budget, Annual*	\$ 4,862,714	\$ 5,758,835	\$ 7,885,993		36.9%
Revenues:					
Gross Tuition & Fees	7,665,722	4,777,346	5,199,730		8.8%
Waivers & Exemptions:					
Department of Corrections	-	-	-		0.0%
Total EL Tuition & Fees Revenue, Net	\$ 7,665,722	\$ 4,777,346	\$ 5,199,730		8.8%

	FY 2024		FY 2025		Actuals % Inc/(Dec)YTD vs. PriorYTD
	Prior Year	Year-to-Date	Year-to-Date		
	Activity thru 8/31/2024	Activity thru 01/31/2024	Activity thru 01/31/2025		
Exemptions & Waivers					
Dept of Corrections	\$ -	\$ -	\$ -		0.0%
Dual Credit & Early College HS Waiver	16,567,432	14,563,714	16,183,057		11.1%
Other Exemptions:					
Employee Fee Exemptions	44,993	32,595	32,642		0.1%
Firemen	29,460	21,989	33,180		50.9%
Hazelwood	1,145,051	743,594	878,849		18.2%
Deaf & Blind	150,320	124,337	113,700		-8.6%
High Ranking High School Grad	3,025	1,694	880		-48.1%
Good Neighbor Program	67,042	65,230	67,029		2.8%
Child of Disabled Vet	3,757	2,865	2,642		0.0%
Employee of State College & University	3,164	1,995	4,275		0.0%
Non-resident Teach/Research Assistant	6,876	4,418	3,506		-20.6%
Non-resident Competitive Scholarships	13,823	13,395	5,985		-55.3%
Senior Citizens	450,277	341,659	346,462		1.4%
Foster Children-Resident	272,473	206,978	209,304		1.1%
TX Tomorrow Waiver	-	-	279		100.0%
Surviving Spouse/Children	1,589	1,589	-		-100.0%
Peace Officer Exemption	8,202	4,488	8,283		84.6%
Adopted Student Waiver	351,710	271,982	263,157		-3.2%
FAST Book & OD Fees	234,884	-	20,010		0.0%
Total Other Exemptions	2,786,646	1,838,808	1,990,183		8.2%
Grand Total Exemptions & Waivers	\$ 19,354,078	\$ 16,402,522	\$ 18,173,240		10.8%

*Amount net of exemptions & waivers.



HOUSTON COMMUNITY COLLEGE SYSTEM

MONTHLY INVESTMENT REPORT

For the Month of February 2025

Prepared by
Finance & Administration Division

The investment portfolio of the Houston Community College System is in compliance with the Public Funds Investment Act and the College's Investment Policy and Strategies.

/s/ Sherry Hawn

Sherry Hawn, JD, CPA

Senior Vice Chancellor, Finance & Administration and CFO/CBO

/s/ Dawn Stephens

Dawn Stephens

Interim Associate Vice Chancellor, Finance & Accounting

/s/ Victor Onwumere

Victor Onwumere

Executive Director, Finance & Treasury

HOUSTON COMMUNITY COLLEGE SYSTEM
INVESTMENT PORTFOLIO COMPOSITION
February 28, 2025

Beginning Book Value (February 1, 2025)	\$	526,490,710
Beginning Market Value (February 1, 2025)	\$	528,571,736
Additions/Subtractions (Book Value - Net)	\$	84,909,467
Change in Market Value	\$	60,038,125
Ending Book Value (February 28, 2025)	\$	611,400,177
Ending Market Value (February 28, 2025)	\$	614,381,647
Unrealized Gain/(Loss)	\$	2,981,470
WAM (58% of Portfolio's Weighted Average Maturity)		1 day
WAM (42% of Portfolio's Weighted Average Maturity - Securities Held To Maturity)		314

* Net amount provided/(for) operations	\$	134,934,284
* Net amount provided/(for) CIP/others		(24,817)
	\$	<u>134,909,467</u>

EXECUTIVE SUMMARY
INVENTORY HOLDINGS REPORT
February 28, 2025

	<u>Ending Book Value</u>	<u>Ending Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasuries	\$ 210,280,887	\$ 212,843,801	\$ 2,562,914
US Agencies	44,398,271	44,816,827	418,556
Local Government Pools	128,052,553	128,052,553	-
Money Market Funds	178,378,410	178,378,410	-
Certificate of Deposit	50,000,000	50,000,000	-
Interest Bearing Checking	290,057	290,057	-
Total	<u>\$ 611,400,177</u>	<u>\$ 614,381,647</u>	<u>\$ 2,981,470</u>
WAR (Weighted Average Interest Rate)		<u>4.27%</u>	

INVESTMENTS
INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)
February 28, 2025

Description	Held At	Interest Rate	Purchase Date	Maturity Date	Par	Discount AMT	Beginning Mkt. Value	Beginning Book Value	Net Change	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Fannie Mae ARM Pool 708686	Bank of America	4.07%	02/22/05	05/01/33	7,850	\$ (1,469)	\$ 8,021	\$ 9,319	\$ (56)	\$ 9,263	\$ 7,984	\$ (37)	\$ (1,279)
Fannie Mae ARM Pool 805454	Bank of America	4.67%	12/23/04	12/01/34	8,769	(5,914)	8,961	14,683	(52)	14,630	8,939	(22)	(5,691)
Federal Home Loan Bank Global Unsecured	Bank of America	0.38%	01/19/24	09/04/25	10,000,000	635,453	9,772,781	9,364,548	-	9,364,548	9,806,116	33,335	441,569
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	4.25%	02/12/25	01/28/28	10,000,000.00	10,000,000			9,980,570	9,980,570	10,065,807	10,065,807	85,237
U.S. Treasury Note US Govt Treasury	Bank of America	1.75%	10/19/23	03/15/25	10,000,000	488,256	9,973,307	9,511,744	-	9,511,744	9,991,336	18,029	479,592
U.S. Treasury Note US Govt Treasury	Bank of America	1.75%	01/19/24	03/15/25	5,000,000	160,500	4,986,654	4,839,500	-	4,839,500	4,995,668	9,014	156,168
U.S. Treasury Note US Govt Treasury	Bank of America	0.50%	01/19/24	03/31/25	10,000,000	475,000	9,942,708	9,525,000	-	9,525,000	9,970,313	27,604	445,313
U.S. Treasury Note US Govt Treasury	Bank of America	2.75%	02/08/24	05/15/25	5,000,000	115,500	4,978,086	4,884,500	-	4,884,500	4,984,141	6,055	99,641
U.S. Treasury Note US Govt Treasury	Bank of America	2.63%	02/08/24	04/15/25	15,000,000	348,047	14,950,078	14,651,953	-	14,651,953	14,971,406	21,328	319,453
U.S. Treasury Note US Govt Treasury	Bank of America	2.88%	02/08/24	06/15/25	5,000,000	112,305	4,973,281	4,887,695	-	4,887,695	4,978,750	5,469	91,055
U.S. Treasury Note US Govt Treasury	Bank of America	3.50%	03/05/24	09/15/25	5,000,000	87,500	4,975,430	4,912,500	-	4,912,500	4,979,688	4,258	67,188
U.S. Treasury Note US Govt Treasury	Bank of America	3.50%	03/05/24	09/15/25	5,000,000	87,150	4,975,430	4,912,850	-	4,912,850	4,979,688	4,258	66,838
U.S. Treasury Note US Govt Treasury	Bank of America	0.25%	03/20/24	09/30/25	10,000,000	661,500	9,740,625	9,338,500	-	9,338,500	9,773,047	32,422	434,547
U.S. Treasury Note US Govt Treasury	Bank of America	4.25%	03/28/24	10/15/25	5,000,000	35,547	4,998,320	4,964,453	-	4,964,453	5,000,000	1,680	35,547
U.S. Treasury Note US Govt Treasury	Bank of America	4.25%	03/28/24	10/15/25	5,000,000	35,938	4,998,320	4,964,063	-	4,964,063	5,000,000	1,680	35,938
U.S. Treasury Note US Govt Treasury	Bank of America	5.00%	04/24/24	10/31/25	5,000,000	2,214	5,025,313	4,997,786	-	4,997,786	5,024,492	(820)	26,706
U.S. Treasury Note US Govt Treasury	Bank of America	4.00%	04/11/24	12/15/25	10,000,000	162,109	9,979,037	9,837,891	-	9,837,891	9,986,094	7,057	148,203
U.S. Treasury Note US Govt Treasury	Bank of America	3.38%	09/16/24	09/15/27	10,000,000	33,594	9,781,250	9,966,406	-	9,966,406	9,852,734	71,484	(113,672)
U.S. Treasury Note US Govt Treasury	Bank of America	2.75%	10/25/24	07/31/27	15,000,000	15,000,000	14,467,969	14,510,850	-	14,510,850	14,574,023	106,055	63,173
U.S. Treasury Note US Govt Treasury	Bank of America	3.88%	10/15/24	10/15/27	10,000,000	10,000,000	9,899,219	9,996,484	-	9,996,484	9,970,703	71,484	(25,781)
FARMER MAC DOMESTIC MTN UNSECURED	Bank of America	3.63%	09/13/24	09/13/27	15,000,000	(27,510)	14,755,292	15,027,510	-	15,027,510	14,844,201	88,909	(183,309)
FARMER MAC DOMESTIC MTN UNSECURED	Bank of America	4.35%	02/12/25	01/28/28	10,000,000	10,000,000			10,001,750	10,001,750	10,083,780	10,083,780	82,030
U.S. Treasury Note US Govt Treasury	Bank of America	3.75%	12/5/2024	8/31/2026	10,000,000	10,000,000	9,925,000	9,937,500	-	9,937,500	9,955,469	30,469	17,969
U.S. Treasury Note US Govt Treasury	Bank of America	3.75%	12/5/2024	8/31/2026	10,000,000	10,000,000	9,925,000	9,930,859	-	9,930,859	9,955,469	30,469	24,609
U.S. Treasury Note US Govt Treasury	Bank of America	0.88%	12/5/2024	6/30/2026	10,000,000	10,000,000	9,543,750	9,506,250	-	9,506,250	9,590,234	46,484	83,984
U.S. Treasury Note US Govt Treasury	Bank of America	4.50%	1/29/2025	3/31/2026	15,000,000	15,000,000	15,038,672	15,048,633	-	15,048,633	15,057,422	18,750	8,789
U.S. Treasury Note US Govt Treasury	Bank of America	3.50%	2/26/2025	1/31/2028	30,000,000	475,781			29,524,219	29,524,219	29,595,703	29,595,703	71,484
U.S. Treasury Note US Govt Treasury	Bank of America	2.75%	2/26/2025	2/15/2028	10,000,000	368,750			9,631,250	9,631,250	9,657,422	9,657,422	26,172
Debt Service 2001A Bond Interest Checking	Bank of America	1.83%				-	1,287	1,287	2	1,290	1,290	-	-
HCCS Merchant Service	Bank of America	0.79%				-	3,008	3,008	25,088	28,096	28,096	-	-
LTD 2013 Tax Bond General Checking	Bank of America	1.77%				-	72,001	72,001	188,670	260,671	260,671	-	-
Chase Certificate of Deposit	Chase	3.42%					50,000,000	50,000,000	-	50,000,000	50,000,000	-	-
Merrill Lynch (Morgan Stanley Govt/Goldman Sachs)	Bank of America	3.70%				-	149,906,002	149,906,002	25,408,526	175,314,529	175,314,529	-	-
Money Market 2006 Jr. Lien Debt Reserve	Bank of America	3.70%				-	3,052,692	3,052,692	11,189	3,063,881	3,063,881	-	-
Lone Star (Corporate Overnight Fund)	State Street Bank	4.09%				-	57,529,725	57,529,725	197,493	57,727,218	57,727,218	-	-
TexPool	State Street Bank	4.03%				-	70,384,517	70,384,517	(59,183)	70,325,334	70,325,334	-	-
TOTAL							\$ 528,571,736	\$ 526,490,710	\$ 84,909,467	\$ 611,400,177	\$ 614,381,647	\$ 60,038,125	\$ 2,981,470



Summary Operating Statements

For the Period
September 1, 2024 - February 28, 2025

For the Meeting of the Board of Trustees - April 2, 2025

for

Houston Community College System



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For the Period September 1, 2023 - February 28, 2025

Houston Community College System

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Summary of Financial Statements As of February 28, 2025

On June 26, 2024, the Board of Trustees approved the FY 2025 operating budget totaling \$465.1 million. The FY 2025 budget included conservative revenue and expense estimates. Included in the FY 2025 budget is a fund balance transfer totaling \$15 million to continue addressing deferred maintenance. Other major operating expenses were also approved to address IT Network/Infrastructure, \$5M; Safety and Security, \$2.3M; Instructional Services Support, \$2.5M; and Dual Credit Support, \$1.1M.

The Board approved the FY 2025 Auxiliary budget, Restricted Funds budget, and the Capital and Technology Plan budget. The approved FY 2025 Auxiliary Services budget totals \$8.6 million. Overall, this is a 10% increase compared to the prior year, primarily due to increased scholarship funding for students, annual salary increases, and the rental of HCCS space for campus wide events. The Restricted budget totals \$144.6 million for grant activities, financial aid, and payments for employee benefits. Finally, the approved Capital and Technology Plan budget totals \$7.9 million, which is earmarked for the continuation of asset upgrades and replacement of information and instructional technology equipment.

The Unrestricted Fund as of February 28, 2025, total revenues, fund balance transfers and rolled purchase orders (POs) are \$408.2 million. This represents 87.2% of the budgeted total of \$467.9 million. Expenses total \$207.6 million to date, which is 44.4% of the total expense budget of \$467.9 million. Compared with the same period last year, revenues and transfers are higher by 11% and expenses are higher by 16.2%. Actual net revenue is \$200.6 million to date.

Ad Valorem Tax revenue for Maintenance & Operations (M&O) is estimated to increase by 5.7% for FY 2025, which is 2.3% less than the statutorily allowed maximum increase of 8%. Property tax valuations in the taxing district increased 1.2%. This increase is much lower than the average annual increase of 6% experienced over the last 10 years in the taxing district. Ad Valorem tax revenue is higher when compared to last year. Taxes are billed in October and collected during the periods of December through February. Tax revenue will normalize and fall within budget by year end.

State appropriations are slightly higher when compared to prior year, however, appropriations are expected to be within budget by year-end.

Tuition and fees, net, which include revenues for semester credit hour (SCH) courses, are **12.9%** higher than last year at this time. Gross tuition and fee revenues are up 12.5% compared to last year due to increased enrollments and increased program offerings in high demand fields (see page 9). Total waivers and exemptions increased by 10.7% primarily due to Dual Credit waivers.

Extended learning tuition and fees, net are 6.3% higher than last year at this time. Gross tuition and fees revenues are up by 6.3%.

Actual salaries for FY 2025 are 12.1% higher compared to FY 2024; this is due primarily to a Board approved salary increase of 7.5% for faculty, full-time employees, part-time hourly staff, and a 4% increase for executive staff. Employee benefits are higher by 24.2% for FY 2025 compared to FY 2024.

Transfers/Debt remain high due to continuing the budgeted transfers for Deferred Maintenance and technology fees.

Several line-item expenses (supplies, travel, marketing, insurance, contracted services, instructional and other material, etc.) have variances due to timing differences in recording transactions from year-to-year. Expenses are expected to be within budget by year-end.

Debt interest expense for the month totaled \$1,400,744 compared to this time in FY 2024 of \$1,463,041.

HOUSTON COMMUNITY COLLEGE SYSTEM
Statement of Revenues, Expenses and Fund Balances - All Funds
As of February 28, 2025

	Unrestricted	Restricted	Auxiliary	Loans	Scholarship	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Total
Revenues	\$ 390,354,527	\$ 21,310,965	\$ 5,039,996	\$ -	\$ 106,174,422	\$ 1,038,584	\$ -	\$ 42,567,651	\$ 290,777	\$ 566,776,922
Expenses										
Salaries	125,231,444	2,864,130	435,964	-	1,423,547	-	-	-	-	129,955,085
Employee Benefits	15,316,592	10,160,013	81,879	-	-	-	-	-	-	25,558,483
Supplies & General Expense	2,514,059	145,648	307,999	-	-	90,588	107,589	-	-	3,165,883
Travel	283,612	28,745	6,322	-	-	-	-	-	-	318,679
Marketing Costs	1,389,365	47,982	270	-	-	-	-	-	-	1,437,616
Rentals & Leases	237,926	31	1,150	-	-	5,625	-	-	-	244,732
Insurance/Risk Mgmt.	4,076,411	838	1,071	-	-	-	-	-	-	4,078,320
Contracted Services	14,871,862	334,172	602,271	-	-	4,287	151,208	314,210	-	16,278,012
Utilities	4,428,701	-	207,908	-	-	-	-	-	-	4,636,609
Other Departmental Expenses	1,138,791	297,692	245,333	-	307,844	-	-	-	-	1,989,660
Instructional & Other Materials	4,887,401	351,565	4,728	-	-	24,877	71,512	-	-	5,340,082
Maintenance & Repair	1,356,056	-	741	-	-	-	(287)	-	-	1,356,510
Transfers (In)/Out ¹	22,049,793	-	-	-	(912,688)	(993,098)	(24,572,500)	4,428,493	-	-
Debt	7,025	-	-	-	-	-	-	33,410,667	-	33,417,692
Capital Outlay	9,823,910	275,421	134,468	-	-	2,912,623	6,047,875	-	-	19,194,296
Amortization/Depreciation	-	-	-	-	-	-	-	-	17,591,368	17,591,368
Scholarship Distribution	-	-	1,463,530	-	105,370,313	-	-	-	-	106,833,843
Total Expenses	207,612,948	14,506,237	3,493,634	-	106,189,016	2,044,902	(18,194,603)	38,153,370	17,591,368	371,396,871
Net Revenues/(Expenses)	182,741,579	6,804,728	1,546,363	-	(14,593)	(1,006,318)	18,194,603	4,414,280	(17,300,591)	195,380,051
Other Adjustments and Transfers										
Debt Principal Payments ²	(48,000,000)	-	-	-	-	-	-	-	73,705,000	25,705,000
Debt Refinancing	-	-	-	-	-	-	-	-	-	-
Capitalization of Assets & CIP ²	3,116,721	116,568	-	-	-	1,221,877	3,663,337	-	1,720,157	9,838,660
Transfers of Completed Projects/Assets	(3,116,721)	(116,568)	-	-	-	(773,254)	(745,071)	-	4,751,614	-
Transfers of Balances between Funds	-	-	-	-	-	-	-	-	-	-
Total Other Adjustments and Transfers	(48,000,000)	-	-	-	-	448,623	2,918,266	-	80,176,771	35,543,660
Beginning Fund Balances, Audited	68,450,207	1,058,425	22,536,108	238,698	3,181,945	85,619,954	28,679,244	18,825,701	505,730,743	734,321,025
Ending Fund Balances	\$ 203,191,786	\$ 7,863,153	\$ 24,082,471	\$ 238,698	3,167,351	\$ 85,062,259	\$ 49,792,112	\$ 23,239,982	\$ 568,606,923	\$ 965,244,734

¹Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds.

²Per government accounting practices, items included in the expenses category above are subsequently deducted from YTD expenses shown above and reclassified as increases or decreases to appropriate asset and liability line items on the balance sheet (page 8). Also, includes GASB 96 SBITA.

HOUSTON COMMUNITY COLLEGE SYSTEM
Unrestricted Revenues and Expenses
Comparison to Budget and Previous Fiscal Year
As of February 28, 2025
50% of Year

	Budget Comparison			Previous Fiscal Year Comparison			
	FY 2025 Adjusted Budget & Actuals						
	FY 2025 Adjusted Budget	Year-to-Date Actuals Thru February 28, 2025	Actuals as a % of Budget	Year-to-Date Actuals Thru February 28, 2025	Year-to-Date Actuals Thru February 28, 2024	Increase (Decrease) FY 2025 Compared to FY 2024	% Increase (Decrease)
REVENUES							
State Appropriations	\$ 68,243,000	\$ 53,569,216	78.5%	\$ 53,569,216	\$ 48,190,641	\$ 5,378,575	11.2%
Ad Valorem Taxes	224,386,251	214,926,890	95.8%	214,926,890	199,644,651	15,282,238	7.7%
Tuition & Fees, Net	126,237,802	108,425,251	85.9%	108,425,251	96,063,679	12,361,572	12.9%
Other Local Income	22,736,208	7,437,635	32.7%	7,437,635	11,152,194	(3,714,559)	-33.3%
Tuition & Fees, Net -- Extended Learning	7,885,993	5,590,195	70.9%	5,590,195	5,258,392	331,802	6.3%
Grant Revenue - Indirect Cost	650,000	405,341	62.4%	405,341	340,096	65,244	19.2%
Total Revenues	450,139,254	390,354,528	86.7%	390,354,528	360,649,654	29,704,874	8.2%
Fund Balance Transfers In & Rolled POs	17,809,983	17,809,983	100.0%	17,809,983	7,045,981	10,764,002	152.8%
Total Revenues and Fund Balance Transfers	\$ 467,949,237	\$ 408,164,511	87.2%	\$ 408,164,511	\$ 367,695,636	\$ 40,468,875	11.0%
EXPENSES							
Salaries	259,137,143	125,231,444	48.3%	125,231,444	111,671,949	13,559,495	12.1%
Employee Benefits	38,321,946	15,316,592	40.0%	15,316,592	12,332,263	2,984,329	24.2%
Supplies & General Expense	6,354,231	2,514,059	39.6%	2,514,059	2,069,615	444,444	21.5%
Travel	1,487,911	283,612	19.1%	283,612	266,070	17,542	6.6%
Marketing Costs	4,032,520	1,389,365	34.5%	1,389,365	1,146,904	242,461	21.1%
Rentals & Leases	436,956	237,926	54.5%	237,926	151,734	86,192	56.8%
Insurance/Risk Mgmt.	9,366,610	4,076,411	43.5%	4,076,411	7,621,315	(3,544,903)	-46.5%
Contracted Services	38,805,161	14,871,862	38.3%	14,871,862	12,130,741	2,741,121	22.6%
Utilities	11,409,224	4,428,701	38.8%	4,428,701	4,145,069	283,632	6.8%
Other Departmental Expenses	4,906,539	1,138,791	23.2%	1,138,791	1,157,583	(18,792)	-1.6%
Instructional & Other Materials	11,266,640	4,887,401	43.4%	4,887,401	7,094,953	(2,207,552)	-31.1%
Maintenance & Repair	3,180,137	1,356,056	42.6%	1,356,056	627,991	728,065	115.9%
Transfers\Debt	55,111,831	22,056,818	40.0%	22,056,818	16,446,672	5,610,146	34.1%
Contingency/Initiatives	2,353,679	-	0.0%	-	-	-	0.0%
Capital Outlay	20,908,711	9,823,910	47.0%	9,823,910	1,729,608	8,094,302	468.0%
Amortization/Depreciation	-	-	0.0%	-	-	-	0.0%
Scholarship Distribution	870,000	-	0.0%	-	-	-	0.0%
Total Expenses	\$ 467,949,237	\$ 207,612,948	44.4%	\$ 207,612,948	\$ 178,592,467	\$ 29,020,481	16.2%
NET REVENUE/(EXPENSES)	\$ 0	\$ 200,551,563		\$ 200,551,563	\$ 189,103,169	\$ 11,448,394	

HOUSTON COMMUNITY COLLEGE SYSTEM

Auxiliary Revenues and Expenses by Fund

As of February 28, 2025

Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary*	Bookstore Commission	Scholarships	Subtotal Uncommitted
Revenues	\$ 2,662,403	\$ 898,867		\$ -	\$ 3,561,270
Expenses					
Salaries	155,340	52,608	-	32,588	240,536
Employee Benefits	37,068	6,545	-	293	43,906
Supplies & General Expense	9,721	51,086	-		60,807
Travel			-		-
Marketing Costs	270		-		270
Rentals & Leases			-		-
Insurance/Risk Mgmt.			-		-
Contracted Services	537,691	16,253	-		553,945
Utilities	207,908		-		207,908
Other Departmental Expenses	990	206,871	-		207,862
Instructional & Other Materials			-		-
Maintenance & Repair	5,469		-		5,469
Transfers/Debt			-		-
Capital Outlay	72,809	13,965	-		86,774
Scholarship Distribution		6,445	-	1,435,085	1,441,530
Total Expenses	1,027,267	353,774	-	1,467,967	2,849,007
Contribution to Fund Balance	\$ 1,635,137	\$ 545,093	\$ -	\$ (1,467,967)	712,263
Beginning Fund Balance, Audited					18,426,404
Ending Fund Balance					\$ 19,138,667

* Expenditures in this category include Minority Male Initiative, Government Relations, Mobile Go, etc.

HOUSTON COMMUNITY COLLEGE SYSTEM

Auxiliary Revenues and Expenses By Fund

As of February 28, 2025

Auxiliary Funds - International and Committed Portions

	<u>International</u>		<u>Committed</u>				<u>Total</u>
	Other International Initiatives	Subtotal International	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
Revenues	\$ -	\$ -	\$ -	\$ 839,643	\$ 639,084	\$ 1,478,727	\$ 5,039,996
Expenses							
Salaries	-	-	-	9,284	186,144	195,428	435,964
Employee Benefits	-	-	-	87	37,886	37,973	81,879
Supplies & General Expense	61	61	-	214,681	32,450	247,131	307,999
Travel	-	-	-	6,322		6,322	6,322
Marketing Costs	-	-	-			-	270
Rentals & Leases	-	-	-		1,150	1,150	1,150
Insurance/Risk Mgmt.	-	-	-	980	91	1,071	1,071
Contracted Services	-	-	-	32,745	15,582	48,327	602,271
Utilities	-	-	-			-	207,908
Other Departmental Expenses	143	143	-	29,717	7,612	37,329	245,333
Instructional & Other Materials	-	-	-			-	-
Maintenance & Repair	-	-	-			-	5,469
Transfers/Debt	-	-	-			-	-
Capital Outlay	-	-	-	22,059	25,635	47,694	134,468
Scholarship Distribution	-	-	-	22,000		22,000	1,463,530
Total Expenses	203	203	-	337,875	306,549	644,424	3,493,634
Contribution to Fund Balance	(203)	(203)	-	501,768	332,535	834,303	1,546,363
Beginning Fund Balance, Audited		1,559,228	(1,284,080)	1,957,474	1,877,082	2,550,476	22,536,108
Ending Fund Balance		\$ 1,559,025	\$ (1,284,080)	\$ 2,459,242	\$ 2,209,617	\$ 3,384,779	\$ 24,082,471

HOUSTON COMMUNITY COLLEGE SYSTEM
Unrestricted Adjusted Budgets and Actuals by Division - Summary Comparison
As of February 28, 2025
50% of Year

Division	FY 2025 Adjusted Budget	Actuals as of February 28, 2025	% Spent	FY 2024 Adjusted Budget	Actuals as of February 28, 2024	% Spent
Central College	\$ 15,544,520	\$ 7,390,083	47.5%	\$ 13,396,665	6,283,228	46.9%
Northwest College	19,374,269	8,620,548	44.5%	16,960,050	7,872,841	46.4%
Northeast College	16,699,416	8,279,511	49.6%	14,259,016	6,957,661	48.8%
Southwest College	16,964,096	8,487,085	50.0%	14,592,032	7,267,988	49.8%
Southeast College	17,929,461	9,346,887	52.1%	15,933,752	7,638,874	47.9%
Coleman College	22,430,831	10,465,334	46.7%	19,092,779	8,874,434	46.5%
Academic Instruction	83,479,822	43,762,814	52.4%	76,649,240	38,154,573	49.8%
Office of the Chancellor	18,251,262	7,799,941	42.7%	18,814,527	7,574,403	40.3%
Instructional Services	13,137,260	4,150,214	31.6%	10,553,463	3,642,431	34.5%
Online College	3,290,379	1,493,370	45.4%	2,563,561	1,112,686	43.4%
Student Services	10,839,379	3,990,404	36.8%	9,312,158	3,689,719	39.6%
Strategy, Planning & Institutional Effectiveness	5,493,366	2,122,969	38.6%	5,174,332	2,024,233	39.1%
External & Governmental Relations, Transfers and Alumni Relations	2,239,084	687,018	30.7%	1,672,743	141,917	8.5%
Legal & Compliance	17,683,118	6,895,255	39.0%	16,320,226	10,155,813	62.2%
Finance & Accounting	82,114,159	40,948,014	49.9%	68,366,818	33,868,177	49.5%
System	122,478,816	43,173,500	35.2%	94,583,524	33,333,486	35.2%
Grand Total	\$ 467,949,237	\$ 207,612,948	44.4%	\$ 398,244,885	\$ 178,592,467	44.8%

HOUSTON COMMUNITY COLLEGE SYSTEM

Balance Sheet by Fund

As of February 28, 2025

	CURRENT & LOAN FUNDS ¹	PLANT & BOND FUNDS ²	TOTAL ALL FUNDS	PRIOR YEAR TOTAL ALL FUNDS
ASSETS				
Current Assets:				
Cash & cash equivalents	\$ 222,327,502	\$ 115,834,357	\$ 338,161,859	\$ 258,745,698
Short-term Investments	-	-	-	29,736,315
Accounts receivable (net)	42,239,814	1,340,522	43,580,336	3,820,287
Deferred charges	24,293	-	24,293	19,092,614
Prepays	4,808,716	-	4,808,716	24,276,204
Total Current Assets	269,400,325	117,174,879	386,575,204	335,671,118
Non-current Assets:				
Restricted cash & cash equivalents	-	24,793,248	24,793,248	29,056,899
Restricted long-term investments	-	16,923	16,923	143,424,474
Long-term investments	257,643,705	-	257,643,705	20,465,825
Long-term lease receivable	18,834,546	-	18,834,546	-
Capital assets, net	7,752,155	1,128,691,151	1,136,443,306	1,144,265,340
Total Non-current Assets	284,230,406	1,153,501,322	1,437,731,728	1,337,212,538
Total Assets	\$ 553,630,731	\$ 1,270,676,201	\$ 1,824,306,932	\$ 1,672,883,656
Deferred Outflows of Resources:				
OPEB	9,794,624	-	9,794,624	9,794,624
Pension	37,434,988	-	37,434,988	37,434,988
Advance Funding Valuation	-	1,563,806	1,563,806	1,563,806
Total Deferred Outflows of Resources	\$ 47,229,612	\$ 1,563,806	\$ 48,793,418	\$ 48,793,418
Total Assets and Deferred Outflows of Resources	\$ 600,860,343	\$ 1,272,240,007	\$ 1,873,100,350	\$ 1,721,677,074
LIABILITIES				
Current Liabilities:				
Accounts payable	17,899,682	188,304	18,087,986	13,700,554
Accrued Interest- SBITA	276,218	-	276,218	276,218
Accrued liabilities	406,446	39,400	445,846	18,074,315
Compensated absences	4,955,308	-	4,955,308	4,955,308
Funds held for others	2,051,719	189,209	2,240,928	908,680
Deferred revenue	597,655	-	597,655	40,229,119
SBITA- Current portion	3,399,100	-	3,399,100	3,399,100
Net OPEB liability-current portion	3,565,628	-	3,565,628	3,565,628
Notes payable-current portion	-	361,299	361,299	720,798
Bonds payable-current portion	-	15,510,000	15,510,000	41,215,000
Total Current Liabilities	33,151,756	16,288,212	49,439,968	127,044,720
Non-current Liabilities:				
SBITA Liability	3,984,779	-	3,984,779	3,984,779
Net OPEB liability	123,908,453	-	123,908,453	123,908,453
Net pension liability	105,104,799	-	105,104,799	105,104,799
Notes payable	-	1,770,569	1,770,569	1,770,569
Bonds payable	-	517,639,133	517,639,133	517,639,133
Total Non-current Liabilities	232,998,031	519,409,702	752,407,733	752,407,733
Total Liabilities	\$ 266,149,787	\$ 535,697,914	\$ 801,847,701	\$ 879,452,453
Deferred Inflows of Resources:				
Leases	22,726,395	-	22,726,395	24,622,076
OPEB	60,962,942	-	60,962,942	60,962,942
Pension	12,477,761	-	12,477,761	12,477,761
Advance Funding Valuation	-	9,840,817	9,840,817	9,840,817
Total Deferred Inflows of Resources	\$ 96,167,098	\$ 9,840,817	\$ 106,007,915	\$ 107,903,596
Total Liabilities and Deferred Inflows of Resources	\$ 362,316,885	\$ 545,538,731	\$ 907,855,616	\$ 987,356,049
Beginning Fund Balances, Audited	95,465,383	638,855,642	734,321,025	655,881,162
Net Revenue/(Expenses)				
Unrestricted	136,287,941	-	136,287,941	22,698,096
Restricted	6,790,134	-	6,790,134	950,125
Net Investment in Plant	-	87,845,634	87,845,634	54,791,642
Ending Fund Balances	\$ 238,543,458	\$ 726,701,276	\$ 965,244,734	\$ 734,321,025
Total Liabilities & Fund Balances	\$ 600,860,343	\$ 1,272,240,007	\$ 1,873,100,350	\$ 1,721,677,074

¹ Includes Unrestricted, Restricted, Loan & Endowment, Scholarship, Agency and Auxiliary Funds.

² Includes Unexpended Plant, Retirement of Debt and Investment in Plant Funds.

HOUSTON COMMUNITY COLLEGE SYSTEM

Exemptions and Waivers Detail

As of February 28, 2025

	FY 2024		FY 2025	
	Prior Year	Year-to-Date	Year-to-Date	Actuals %
	Activity thru 8/31/2024	Activity thru 02/28/2024	Activity thru 02/28/2025	Inc/(Dec)YTD vs. PriorYTD
Tuition & Fees				
Budget:				
Adjusted Budget, Annual*	\$ 106,400,157	\$ 101,709,073	\$ 126,237,802	24.1%
Revenues:				
Gross Tuition & Fees	134,172,076	112,719,978	126,856,929	12.5%
Waivers & Exemptions:				
Dual Credit & Early College HS	(16,567,432)	(14,625,129)	(16,296,084)	11.4%
Other	(2,786,646)	(2,031,170)	(2,135,594)	5.1%
Total Waivers & Exemptions	(19,354,078)	(16,656,299)	(18,431,678)	10.7%
Total Tuition & Fees Revenue, Net	\$ 114,817,998	\$ 96,063,679	\$ 108,425,251	12.9%

Tuition & Fees - Extended Learning (EL)				
Budget:				
Adjusted Budget, Annual*	\$ 4,862,714	\$ 5,758,835	\$ 7,885,993	36.9%
Revenues:				
Gross Tuition & Fees	7,665,722	5,258,392	5,590,195	6.3%
Waivers & Exemptions:				
Department of Corrections	-	-	-	0.0%
Total EL Tuition & Fees Revenue, Net	\$ 7,665,722	\$ 5,258,392	\$ 5,590,195	6.3%

	FY 2024		FY 2025	
	Prior Year	Year-to-Date	Year-to-Date	Actuals %
	Activity thru 8/31/2024	Activity thru 02/28/2024	Activity thru 02/28/2025	Inc/(Dec)YTD vs. PriorYTD
Exemptions & Waivers				
Dept of Corrections	\$ -	\$ -	\$ -	0.0%
Dual Credit & Early College HS Waiver	16,567,432	14,625,129	16,296,084	11.4%
Other Exemptions:				
Employee Fee Exemptions	44,993	34,581	34,504	-0.2%
Firemen	29,460	25,672	33,906	32.1%
Hazelwood	1,145,051	887,165	974,019	9.8%
Deaf & Blind	150,320	125,355	116,930	-6.7%
High Ranking High School Grad	3,025	1,694	1,364	-19.5%
Good Neighbor Program	67,042	65,230	67,527	3.5%
Child of Disabled Vet	3,757	2,865	2,642	0.0%
Employee of State College & University	3,164	1,995	4,275	0.0%
Non-resident Teach/Research Assistant	6,876	6,555	3,506	-46.5%
Non-resident Competitive Scholarships	13,823	13,823	6,555	-52.6%
Senior Citizens	450,277	356,465	349,269	-2.0%
Foster Children-Resident	272,473	216,460	221,437	2.3%
TX Tomorrow Waiver	-	-	278	100.0%
Surviving Spouse/Children	1,589	1,589	-	-100.0%
Peace Officer Exemption	8,202	4,686	9,108	94.4%
Adopted Student Waiver	351,710	287,035	285,545	-0.5%
FAST Book & OD Fees	234,884	-	24,729	0.0%
Total Other Exemptions	2,786,646	2,031,170	2,135,594	5.1%
Grand Total Exemptions & Waivers	\$ 19,354,078	\$ 16,656,299	\$ 18,431,678	10.7%

*Amount net of exemptions & waivers.

REPORT ITEM

Meeting Date: April 2, 2025

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
B.	Budget Workshop #4: Preliminary FY2026 Operating & Other Budgets	Dr. Margaret Ford Fisher Dr. Sherry Hawn

DISCUSSION

This budget workshop will provide proposed FY2026 balanced operating and other budgets, including revenue and expense components, and sensitivity analysis scenarios, in addition to high level contingency plans that describe our potential strategy and tactics should as yet unforeseen events decrease revenue.

COMPELLING REASON AND BACKGROUND

- In Workshop #1, on December 18, 2024, the Board of Trustees received the proposed integrated planning and budget development process timeline.
- In Workshop #2, on January 15, 2025, Administration presented the preliminary Operating (Unrestricted) revenue forecast. It is anticipated that a final budget consistent with the Board's priorities will be presented for adoption at the June 2025 Board Meeting.
- In Workshop #3, on February 5, 2025, Administration presented the tuition and fee review including growth strategies related to In-District, Out-of-District, and Reconnect opportunities for students. The institutional priorities and available funding sources, a preliminary budget, will be presented at the April 2025 board meeting. It is anticipated that a final budget consistent with the Board's priorities will be presented for adoption at the June 2025 Board Meeting.
- In Workshop #4, on April 2, 2025, Administration will present a snapshot of all revenue sources, projections, and property tax options, in addition to a trended expense view. We examine three scenarios that include a graduating number of new requests for personnel and non-personnel expenses. Each of these scenarios, shown as mini-case studies, resulted in budget gaps. Thus, the proposed FY2026 budget view closes those gaps by selecting very few, critical requests focused on system safety and competitive strength.

FISCAL IMPACT

The final budget of the college for fiscal year 2025-2026 will provide the funding for all college operations.

LEGAL REQUIREMENT

Section 51.0051, Annual Operating Budgets, Texas Education Code, provides that "the governing board of each institution shall approve on or before September 1 of each year an itemized budget

covering the operation of the institution for the fiscal year beginning on September 1 of each year".

STRATEGIC ALIGNMENT

1. Student Success, 2. Personalized Learning , 3. Academic Rigor , 4. Community Investment , 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
Budget Workshop#4: Preliminary FY2026 Operating Budget Presentation	3/26/2025	Presentation

This item is applicable to the following:

Central, Coleman, Northeast, Northwest, Southeast, Southwest, District, Online



Budget Workshop #4: Overview of Preliminary FY2026 Operating Budget

Dr. Margaret Ford Fisher, Chancellor

Dr. Sherry Hawn, Sr. Vice Chancellor - Finance & Administration and
CFO/CBO

April 2, 2025

Discussion Topics

- FY26 Budget Development Timeline
- FY26 Revenue Components
- FY26 Expense Components
- FY26 Operating Budget Scenarios
- FY26 Non-Operating Budgets
- Proposed Contingency Plan

FY26 Budget Timeline

MONTH	DELIVERABLE
DECEMBER 2024	Budget process and timeline
JANUARY 2025	Revenue assumptions and projections Expense template distributed across the system
FEBRUARY 2025	Approve tuition and fees, dual credit, exemptions and waivers
MARCH 2025	Gather and compile expense request data Assess budget gap, if any Obtain additional data from select requests
APRIL 2025	Work to close the gap by reviewing select budget requests Present balanced draft to CEC for feedback Update draft budget
MAY 2025	Obtain Chancellor feedback and approval
JUNE 2025	Obtain Board feedback and approval
AUGUST 2025	Obtain approval for 2025 tax rate

FY 2026 PRELIMINARY OPERATING BUDGET-REVENUE COMPONENTS



Tuition & Fees Summary

(In Millions)

Projected T&F reducing international students by 50%

	FY24	FY25	%Chg	FY26	%Chg
Tuition					
In-District	\$ 17	\$ 28	62%	\$ 29	3%
Out-of-District	41	38	-7%	39	3%
Out-of-State	17	16	-5%	16	1%
International Students	-	-	0%	(5)	0%
Tuition -- CEU/CT/Non Credit	8	8	0%	8	2%
Total Tuition	\$ 83	\$ 90		\$ 88	-2%
Fees					
In-District	\$ 29	\$ 23	-22%	\$ 23	2%
Out-of-District	21	30	42%	31	3%
Out-of-State	9	13	38%	13	2%
International Students	-	-	0%	(4)	0%
Fees -- CEU/CT/Non Credit	0.03	0.04	33%	0.04	0%
Total Fees	\$ 59	\$ 65		\$ 64	-3%
Exemptions & Waivers	\$ (19)	\$ (21)		\$ (20)	
Total	\$ 122	\$ 134		\$ 131	-2%

Note:

1. Out-of-State and International Students pay the same T&F. International student make up 11.9% of T&F Revenue.
2. T&F estimates include an overall 2% reduction in revenue due to an estimated decrease in international student growth.

State Appropriations – Base Tier

(In Millions)

5% Base Tier funding is one of two funding streams available to community colleges via HB8, passed by the 88th Texas Legislature in 2023. The remaining 95% occurs through the Performance Tier.

- HCC would receive base tier funding **if** our combined revenue from local taxes and tuition/fees is less than our instruction and operations (I&O) amount.
- I&O is calculated using two components - a basic allotment and contact hours. The basic allotment uses weighted annual full-time student equivalents (FTSEs) multiplied by a State dollar amount (rate). This figure is added to the contact-hour amount to produce the total I&O.
- At HCC, our FY24 combined revenue is approximately \$218M, and our I&O is \$126M, therefore we do not receive Base Tier Funding under the current formula.

Basic Allotment Funding	Contact Hour Funding	Instruction & Operations Total	Local Tax Estimate	Tuition/ Fees Estimate	Local Share Total	FY 24 Base Tier Funding	FY 25 Base Tier Funding	FY 26 Base Tier Funding
\$ 64	\$ 63	\$ 126	\$ 123	\$ 95	\$ 218	\$ -	\$ -	\$ -

Note: Instruction & Operations (I&O) =Basic Allotment (Weighted Full-Time Student Equivalents x Basic Allotment rate) + Contract Hour Funding[(contact hour by discipline)x(statewide avg per contact hour by discipline) x Contact Hour Funding rate]; Local Share=Tuition/Fees Revenue Estimate + M&O Tax revenue Estimate

State Appropriations – Performance Tier FY26

(In Millions)

ACTUAL RATES & FY26 ESTIMATED COMPLETIONS

Base COV **Premium COV/On Time** **High Demand Field**

\$1,000	\$0	\$1,250
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#Weighted Outcomes Completions	840	0	1993
Revenue 1	\$ 0.8	\$0	\$ 2.5

\$1,750	\$437	\$3,500
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#Weighted Outcomes Completions	710	105	1273
Revenue 2	\$ 1.2	\$ 0.0	\$ 4.5

\$3,500	\$875	\$4,500
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#Weighted Outcomes Completions	5039	283	1040
Revenue 3	\$ 17.6	\$ 0.2	\$ 4.7

15 SCH Dual Credit **GAI Transfers** **GAI Co-Enrollment**

\$3,500	\$3,500	\$3,500
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#Weighted Outcomes Completions	2591	4900	67
Revenue 4	\$ 9.1	\$ 17.2	\$ 0.2

TOTAL ESTIMATED REVENUE	\$29	\$17	\$12
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GRAND TOTAL ----->

\$58 Note: Subject to change in May

- Current view as of March; this calculation may change as credentials of value are recalibrated by THECB and HCC updates our classification of instructional program codes
- Categories are based on weighted outcome completions (greater of most recent or three-year average)
- FY26 Estimates based on trend analysis (See next page for trend)
- Payments are received in 3 tranches within the fiscal year (Oct 15th , Feb 15th & June 15th). To-date \$53M received
- True-up to actuals occur in February of the following year

State Appropriations – Trended Performance Tier Special Funding and FAST

(In Millions)

Award Type	FY24	FY25	FY26
15 SCH Dual Credit	\$ 3.00	\$ 8.83	\$ 9.07
GAI Transfer with 15 SCH¹	20.00	17.14	17.15
GAI Co-enrollment with 15 SCH¹	-	0.24	0.23
Institutional Credential leading to Licensure	0.46	0.46	0.56
Institutional Credential leading to Licensure: High-Demand Field	0.74	0.90	0.88
Occupational Skills Award	0.19	0.20	0.28
Occupational Skills Award: High-Demand Field	1.00	1.61	1.61
Certificate I or II	2.00	1.83	1.24
Certificate I or II: High-Demand Field	4.00	4.18	4.46
Advanced Technical Certificate	-	0.00	0.01
Advanced Technical Certificate: High-Demand Field	0.11	0.14	0.14
Associate Degree	23.00	21.73	17.64
Associate Degree: High-Demand Field	8.00	5.38	4.68
Bachelor's Degree³	-	-	TBD
Bachelor's Degree: High-Demand Field³	-	-	TBD
CoV Premium: Certificate	-	0.04	0.05
CoV Premium: Associate	-	0.26	0.25
CoV Premium: Bachelor's³	-	-	TBD
Performance Tier Funding	\$ 62.51	\$ 62.93	\$ 58.24
Special Funding: Regional Resiliency Occupational Center (RROC)	1.19	1.19	1.19
FAST Dual Credit²	4.00	4.86	5.35
Total State Appropriations	\$ 67.70	\$ 68.98	\$ 64.77

- FY24 and FY25 are actuals
- FY26 is based on a 3-year performance trend and potential changes to eligible COVs by the THECB

¹GAI - General Academic Teaching Institution; a Texas public university

²FY25 and FY26 FAST Dual Credit are estimated

³Bachelor's Degree soon to come graduates FY26

Note: Subject to change in May

Tax Scenario Options 1 & 2

Tax options that will result in a mixed revenue result

	TAX RATE M&O RATE DEBT RATE	EXEMPTIONS	GROWTH IN BASE PROPERTY	Budgeted Revenue
Current	TAX RATE-\$0.096182 M&O-\$0.081632 DEBT-\$0.014551	Over 65, Disabled Homestead Exemption greater of \$5K or 17% of Appraised Value	\$3.4B 1.2% Increase	\$224M

	MAINTAIN TAX RATE INCREASE M&O AS DEBT DECREASES	NO CHG EXEMPTIONS	GROWTH IN BASE PROPERTY	Estimated Revenue
OPTION 1	TAX RATE-\$0.096182 M&O-\$0.082859 DEBT-\$0.013323	Over 65, Disabled Homestead Exemption greater of \$5K or 17% of Appraised Value	Increase \$6B	\$233M 4% increase

	DECREASE TAX RATE MAINTAIN M&O AS DEBT DECREASES	NO CHG EXEMPTIONS	GROWTH IN BASE PROPERTY	Estimated Revenue
OPTION 2	TAX RATE-\$0.094955 M&O-\$0.081632 DEBT-\$0.013323	Over 65, Disabled Homestead Exemption greater of \$5K or 17% of Appraised Value	Increase \$6B	\$229M 2% increase

Note: Each FY26 option is based on a 2.2% (based on a 10-year trend analysis) increase in property value and Tax Collection Rate of 96.46%. Texas Property Tax Codebase §23.01 requires all taxable property to be appraised as of Jan. 1.

Tax Scenario Option 3

Tax option that will result in a reducing revenue

	TAX RATE M&O RATE DEBT RATE	EXEMPTIONS	GROWTH IN BASE PROPERTY	Budgeted Revenue
Current	TAX RATE-\$0.096182 M&O-\$0.081632 DEBT-\$0.014551	Over 65, Disabled Homestead Exemption greater of \$5K or 17% of Appraised Value	\$3.4B 1.2% Increase	\$224M

	DECREASE TAX RATE MAINTAIN M&O AS DEBT DECREASES	CHG EXEMPTIONS	GROWTH IN BASE PROPERTY	Estimated Revenue
OPTION 3	TAX RATE-\$0.094955 M&O-\$0.081632 DEBT-\$0.013323	Over 65, Disabled Homestead Exemption greater of \$5K or 20% of Appraised Value	Reduce \$4B	\$221M 1% decrease

Note: Each FY26 option is based on a 2.2% (based on a 10-year trend analysis) increase in property value and Tax Collection Rate of 96.46%. Texas Property Tax Codebase §23.01 requires all taxable property to be appraised as of Jan. 1.

FY 2026 PRELIMINARY OPERATING BUDGET-EXPENSE COMPONENTS



Trended Expense Analysis

(In Millions)

Expense Type	FY22	FY23	FY24	FY25	FY26
	Actuals	Actuals	Actuals	Actuals/ Forecast	Forecast
Salary	\$ 187.0	\$191.8	\$ 204.0	\$239.0	\$ 249.6
Employee Benefits	29.2	34.9	33.3	36.6	38.6
Supplies & Gen	3.8	4.4	5.3	6.0	6.3
Travel	0.5	1.0	0.9	1.2	1.4
Marketing Costs	3.1	3.3	3.4	3.5	3.9
Rentals & Leases	0.1	0.2	0.2	0.5	0.5
Insurance/Risk Mgmt	6.0	6.7	7.7	8.5	8.5
Contracted Services	26.7	28.8	31.1	33.3	35.4
Utilities	8.3	9.0	10.7	11.7	11.3
Other Departmental Expenses	3.5	2.7	2.5	2.9	1.6
Instructional and Other Materials	6.6	6.2	6.9	9.6	8.9
Maintenance and Repair	1.4	1.8	2.1	2.5	2.9
Transfers	16.4	21.3	47.4	32.4	32.4
Contingency	1.9	1.9	1.9	1.9	1.9
Debt	24.1	20.1	21.3	21.6	16.5
Bad Debt/Loss	0.0	0.1	0.3	0.0	0.0
Capital Outlay	15.0	17.0	15.9	18.1	17.9
Scholarships	0.0	0.0	0.0	0.9	0.9
FAST Program	0.0	0.0	0.2	0.3	0.4
Total Expenses	\$ 333.5	\$351.3	\$ 395.1	\$430.5	\$ 439.0

Operating Expense – Salary & Benefits

(In Millions)

4.7% increase for Salary & Benefits and other salary structure adjustments

1. COLA IMPACTS - SALARIES		FY25 BUDGET	FY26 COLA%	FY26 COLA\$	%Chg
FACULTY	FT	\$ 84	2.0%	\$ 86	
	PT (INCL ADJUNCT)	34	1.5%	35	
LIBRARIAN	FT	3	2.0%	3	
	PT	1	1.5%	1	
STAFF	FT	114	2.0%	118	
	PT	10	1.5%	10	
EXECUTIVES	FT	19	0.0%	19	
SUB-TOTAL		\$ 265		\$ 272	
2. BENEFITS		\$ 38		\$ 39	
3. OTHER IMPACTS					
✓LONGEVITY PAY INCREASED/PROGRESSIVELY to 35yrs		-		1.0	
SUB-TOTAL		\$ -		\$ 1	
GRAND TOTAL		\$ 303		\$ 312	4.7%

Note: Benefits increase is associated with the changes in salary

The longevity increase is related to rate changes for each tier and adding tiers to provide for milestones. Currently there are 4 tiers (5, 10, 30 & 35 yrs). The proposed structure includes 3 additional tier (15, 20, and 25yrs)

FY26 Proposed Known Commitments

(In Millions)

These must be funded due to law, existing contract, accreditation affiliations and/or prior ongoing initiatives

Division	Amount
Chancellor	\$ 0.81
Coleman College	0.07
Finance	1.66
Instruction	1.20
Instructional Services	1.29
Legal & Compliance	1.75
Northeast College	0.36
Northwest College	0.05
Online College	0.01
Public Info, Comms & Ext Affairs	0.11
Southeast College	0.37
Southwest College	0.00
Grand Total	7.68

Expense Type	Amount
Faculty Part-Time	\$ 1.04
Staff Part-Time	0.03
Supplies & General	0.53
Travel	0.02
Marketing Costs	0.25
Rentals & Leases	0.10
Contracted Services	3.16
Insurance	1.25
Other Departmental Expenses	0.71
Instructional and Other Materials	0.13
Maintenance and Repair	0.06
Capital Outlay	0.22
Scholarship	0.18
Grand Total	\$ 7.68

FY 2026 RECOMMENDED OPERATING BUDGET SCENARIO



FY26 Operating (Unrestricted) Budget – Flat Budget

(In Millions)

Revenues	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
State Appropriations	\$ 68	15%	\$ 65	15%	\$ (4)	-5%
Ad Valorem Taxes	224	50%	221	50%	(3)	-2%
Tuition & Fees, Net	134	30%	131	30%	(3)	-2%
Other Local Income	23	5%	23	5%	-	0%
Total Revenue	\$ 450	100%	\$ 440	100%	\$ (10)	-2%

Expenses	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
Salaries	\$ 265	57%	\$ 273	62%	\$ 8	3%
Allowance for Vacancies	(5)	-1%	(10)	-2%	(5)	100%
Benefits	38	8%	39	9%	1	3%
Other (Non-Payroll)	111	24%	110	25%	(2)	-1%
Transfers	13	7%	8	2%	(5)	-36%
Debt Service	22	5%	17	4%	(5)	-24%
Scholarships	1	0%	1	0%	0.2	17%
IT Network/Infrastructure	5	0%	2	0%	(4)	-70%
Total Operating Expenses	\$ 450	100%	\$ 440	100%	\$ (10)	-2%

Fund Balance Usage	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
Fund Balance Usage	\$ 15	100%	\$ 25	100%	\$ 10	67%
Total Fund Balance Usage	\$ 15		\$ 25	100%	\$ 10	67%
Deferred Maintenance	15		15	60%	-	0%
High Demand Short-Term Certificates	-		10	40%	10	0%
Total Initiatives	\$ 15	0%	\$ 25	100%	\$ 10	67%

Total Operating Budget	\$ 465	\$ 465
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Total Revenue/Budget Gap	\$ -	\$ -
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Budget Input:

- 4.4% decrease based on State Appropriation COV changes, including the Special Funding and FAST
- 2% decrease in tax revenue
 - Total tax rate decreased
 - No change to M&O; as debt decrease per debt schedule
 - Change exemptions from 17% to 20%
- 2% decrease in total T&F revenue namely due to reduction in international students
- Salaries and associated benefits 2% full-time faculty & staff; 1.5% part-time faculty & Staff and no change executives
- 10% decrease of other (non-payroll) Associate Nursing and Branding initiatives included
- Transfers include grant matches (TPEG)
- Debt service reduced per debt payment schedule
- Nursing scholarship increased to reflect annual amount
- IT Network/Infrastructure replacement, \$1.5M (reduction of \$3.5M compared to prior year)
- Fund Balance Usage includes \$15M for Deferred Maintenance and \$10M for High Demand Short-Term Certificates

FY26 Operating (Unrestricted) Budget – Alternate Scenario

(In Millions)

Revenues	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
State Appropriations	\$ 68	15%	\$ 65	15%	\$ (4)	-5%
Ad Valorem Taxes	224	50%	229	52%	5	2%
Tuition & Fees, Net	134	30%	130	29%	(4)	-3%
Other Local Income	23	5%	18	4%	(6)	-24%
Total Revenue	\$ 450	100%	\$ 442	100%	\$ (8)	-2%

Expenses	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
Salaries	\$ 265	57%	\$ 273	62%	\$ 8	3%
Allowance for Vacancies	(5)	-1%	(5)	-1%	-	0%
Benefits	38	8%	40	9%	1	3%
Other (Non-Payroll)	111	24%	108	24%	(3)	-3%
Transfers	13	7%	8	2%	(4)	-34%
Debt Service	22	5%	17	4%	(5)	-24%
Scholarships	1	0%	2	0%	0.2	18%
IT Network/Infrastructure	5	0%	-	0%	(5)	0%
Total Operating Expenses	\$ 450	100%	\$ 442	100%	\$ (8)	-2%

Fund Balance Usage	FY25		FY26		\$Chg	%Chg
	Approved Budget	% of Total	Estimated Budget	% of Total		
Fund Balance Usage	\$ 15	100%	\$ -	100%	(15)	-100%
Total Fund Balance Usage	\$ 15		\$ -		\$ (15)	-100%
Deferred Maintenance	15		-	0%	(15)	-100%
High Demand Short-Term Certificates	-		-	0%	-	0%
Total Initiatives	\$ 15	0%	\$ -	0%	\$ (15)	67%
Total Operating Budget	\$ 465		\$ 442			
Total Revenue/Budget Gap	\$ -		\$ -			

Budget Input:

- 4.4% decrease based on State Appropriation COV changes, including the Special Funding and FAST
- 2% increase in tax revenue
 - No change to tax rate
 - M&O increase; as debt decrease per debt schedule
 - No change to exemptions
- 2% decrease in total T&F revenue namely due to reduction in international students
- Salaries and associated benefits 2% full-time faculty & staff; 1.5% part-time faculty & Staff and no change executives
- 10% decrease of other (non-payroll) Associate Nursing and Branding initiatives included
- Transfers include grants matches (TPEG)
- Debt service reduced per debt payment schedule
- Nursing scholarship increased to reflect annual amount
- No Fund Balance Usage, No IT Network/Infrastructure, and No High Demand Short-Term Certificates included

FY 2026 NON-OPERATING BUDGETS



FY26 Recommended Restricted Budget – Fund 2

(In Millions)

- Revenues:
- Federal - Decrease in federal funding due to end of \$2M 3-year HCC Resiliency Initiative Program grant
 - State - Decrease in State funding due to cancellation of nursing grants
 - City/Other - Increase in funding due to new private grants received from HCC Foundation
 - Student Financial Aid - change due to \$3M increase in Pell grants, and increases in SEOG and private scholarship funding
 - State Funded Benefits - Increase forecasted in State funded benefits due to higher allocation in 2026-2027 biennium for group insurance

- Expenses:
- Student Services expense increase due to new State college readiness and success grant
 - Instruction/Workforce Development expense increase due to availability of Foundation on funding
 - Student Aid expenses increase due to increases in Pell, SEOG & private scholarships
 - Community Service expense decrease due to end of HCC Resiliency Initiative Program grant and City of Stafford contract
 - Staff Benefit expenses increase due to higher State allocation for group insurance in 2026-2027 biennium

	FY25	FY26	\$Chg	%Chg
Revenue:				
Federal	\$ 10	\$ 9	\$ (1)	-9%
State	1	1	(0)	-14%
City/Other	2	2	1	47%
Student Financial Aid	112	117	4	4%
Total Grant Revenues	\$ 125	\$ 129	\$ 4	3%
Stated Funded Staff Benefits:				
Group Insurance State Contribution	\$ 15	\$ 18	3	19%
State Retirement	5	5	-	0%
Total Stated Funded Benefits	\$ 20	\$ 23	\$ 3	15%
Total Available Funding	\$ 145	\$ 151	\$ 7	5%
Expenses:				
Student Services	\$ 2	\$ 2	\$ (0)	-8%
Instruction/Workforce Development	4	5	1	18%
Student Aid	112	117	4	4%
Community Service	7	6	(1)	-16%
Staff Benefits	20	23	3	15%
Total Restricted Expenditures	\$ 145	\$ 151	\$ 7	5%
Net Revenue/(Expenses)	\$ -	\$ -	\$ -	

FY26 Recommended Auxiliary Budget – Fund 3

(In Millions)

Budget Input:

- Fees based on 2% increase in enrollment
- Leases & Rentals decrease due changes in rates and square footage related to MHMRA, PVA rental leases
- Bookstore Commission increase due to 14% projected increase in Bookstore instructional items
- Other Local Income increase in rental activity for facilities usages
- Fund Balance Usage Athletic and Student services request to utilize to purchases equipment
- Salaries and associated benefits 2% COLA for staff and 1.5% for PT Staff
- Non-Payroll increase in daily operating expenses due to increase facility rentals and the purchase of the athletic equipment

Description	FY25	FY 26	\$Chg	%Chg
Fees	\$ 1.8	\$ 2.0	\$ 0.3	15%
Leases & Rentals	5.4	5.2	(0.2)	-4%
Bookstore Commission	1.0	1.3	0.3	30%
Other Local Income	0.3	0.3	0.03	11%
Fund Balance Use	0.2	1.0	0.8	398%
Total Auxiliary Revenues	\$ 8.6	\$ 9.8	\$ 1.19	14%
Salaries	\$ 1.2	\$ 1.3	\$ 0.1	9%
Employee Benefits	0.2	0.2	0.01	3%
Non-Payroll	5.4	6.4	1.0	19%
Scholarship Distribution	1.8	1.8	-	0%
Total Auxiliary Expenditures	\$ 8.6	\$ 9.8	1.14	13%
Net Revenue/(Expenses)	\$ 0	\$ 0	\$ (2)	

FY26 Recommended Capital & Technology Plan Budget

(In Millions)

DESCRIPTION	Fund	FY25	FY26	\$Chg	%Chg
Upgrade/Replacement of IT Equipment	7180	\$ 6.4	\$ 6.4	\$ 0.0	1%
Upgrade/Replacement of Security Technology	7181	\$ 0.4	\$ 0.4	\$ 0.0	38%
Upgrade/Replacement of Instructional Equipment	7182	\$ 1.1	\$ 1.2	\$ 0.0	4%
Total Capital and Technology Plan		\$ 7.9	\$ 8.0	\$ 0.1	1%

- Tech Fees increase for FY26 due to estimated increased enrollment, 2%
- This budget goes toward the funding of the IT master plan
- FY26 includes \$2.6M transfer from operating fund and the Flat Budget includes an additional \$1.5M for IT master plan

CONTINGENCY PLAN – COST CONTAINMENT TACTICS



HCC Financial Contingency Plan - Guiding Principles

- Sustain the focus on students and our educational mission and support services
- Meet compliance, legal or accreditation standards and requirements
- Optimize, standardize or centralize business processes or shared services
- Reallocate resources and reduce non-payroll costs to the extent possible
- Use reserves for focused needs as one-time infusion

Sampling of Potential External Factors

- Federal
 - Loss of USDE and VA support services may hamper customer service levels and funding
 - Limitation of indirect research overhead to 15%
 - Midyear/Immediate funding changes could challenge budget assumptions
 - International student fears about in-person attendance and depressed enrollment
 - FAFSA availability and timing changes may delay US student enrollment
- State – 89th Texas Legislative Session
 - HB1 & SB1 – Appropriations changes for biennium
 - Multiple tuition & fee and student residency bills
 - Academic governance changes
 - Limiting investment pool to one source
 - Financial aid displacement by private scholarship

HCC Financial Contingency Plan

In the event of additional unforeseen events beyond what we are currently aware of we will develop an impact analysis and action plan and share that with leadership and the Board.

Thank You