

MINUTES of the WORKSHOP
of the BOARD OF TRUSTEES of VICTORIA COLLEGE
Held March 17, 2014

Attendance:

√ Ronald B. Walker	√ Catherine McHaney
√ Luis A. Guerra	√ V. Bland Proctor
√ Dr. Josie Rivera	√ John A. Villafranca
√ Robby Burdge	

STAFF

√ Dr. Tom Butler	√ Keith Blundell
√ Jennifer Yancey	√ Dr. Larry Garrett
√ Debbie Rains	√ Dr. Pat Vandervoort
√ Dr. Florinda Correa	

MEDIA

Carolina Astrain	Victoria Advocate
√ Chelsea Hernandez	News Center 25

Guests: Dr. Bill Coons, Carl Voskamp, Sharon Hyak

The Victoria College Board of Trustees met Monday, March 17, 2014, at 4:00 p.m. in the Corporate Training Room, Academic Building, Room 101. Mr. Ron Walker, Chair, presided over the meeting.

A. Call to Order:

1. Mr. Ron Walker called the meeting to order at 4:00 p.m.
2. Dr. Tom Butler certified that the agenda had been properly posted per Texas statute.
3. The Public was invited to address the board. No public comments were heard

B. Board Workshop Discussion:

1. **Discuss status of Emerging Technology Complex construction.** Dr. Larry Garrett shared with the board that the construction is progressing as planned – on time/on budget. He pointed out that the original timeline is still on schedule and that weather has not prohibited construction. He reviewed the timeline with the board indicating that the Industrial Training Center should be substantially complete in August and furnishings and equipment will be installed between September and December. Classes can be held in the Industrial Training Center beginning January 2015. The Conference and Education Center should be substantially complete by January 2015 with first use in May/June.

Dr. Garrett reviewed the ETC budget estimate which was determined in November, 2013. He reminded the board that the \$18,196,911.00 is the guaranteed maximum amount of the

contract and that the 3% construction contingency (\$545,907.33) is included in that amount. He also informed the board that there has only been one change order to-date. It was actually a credit of approximately \$19,000. He briefed the board on the remaining items in the budget estimate.

2. **Tour of ETC Construction Site.** The board members and staff left the VC campus at 4:10 p.m. to tour the ETC construction site. Representative Geanie Morrison and her chief of staff, Justin Unruh, met them at the site. The board and staff returned to the Corporate Training room on the VC campus at 5:26 p.m. and resumed the workshop.
3. **Discuss preliminary 2014-15 budget development.** Dr. Butler informed the board that he and staff have been working on developing the budget. This is a five month process. He expressed that this budget has been the most difficult due to numerous factors including the decline in VC enrollment, low unemployment in the region, the growth and expansion of the petro chemical and oil & gas industry in this area and the possible impact of the changes now taking place with UHV. VC experienced a slight enrollment decline in fall 2103 and a larger decline in spring enrollment. He anticipates that UHV will be very aggressive with fall recruitment which could affect VCs enrollment.

Dr. Butler informed the board that the initial technology budget for 2014-2015 came in almost \$1 million over last year at nearly \$2 million. The preliminary budget proposes cutting the technology plan by \$70K over last year, which will include changes in services to students.

Additional factors in the next budget include: a new way of budgeting for deferred maintenance; the College will incur expenses with the opening of the ETC, but revenues will come later in the year; the retirees' healthcare cost-share will add \$300K to the budget; and the need to maintain a healthy salary structure.

Dr. Butler reminded the board that taxes are another source of revenue to consider for the upcoming budget. Final appraised values will be received in August and a proposed tax rate will be presented to the board in September 2014 for adoption. The preliminary budget includes an estimated 5% increase in appraised values.

Keith Blundell then reviewed the reconciliation of 2013-2014 Budget to the proposed 2014-2015 Budget report (budget projection). He referred to the ETC operations column, informing the board that the annual operational expense for the ETC is estimated at \$502,380. We are anticipating covering this expense with the increase in appraised values. The Continuing Education Department will move to the ETC and will have its own cost center with potentially more administrative costs. Industrial training programs will require new faculty which will be offset by tuition and fees. The Conference Center will have an operating cost of \$197K estimated. We anticipate this to be covered by rentals, growth and ad valorem taxes.

Items under "New Positions" were discussed. Several of the positions were approved in the current budget year, some are additional for 2014-2015 operations and two positions will be institutionalized due to grant expirations.

He informed the board that substantial cuts totaling \$853,763 have been made under the administrative, student service and instructional budgets, and includes a change in VC's utility provider contract (17% less). Dr. Butler explained that there will also be a reduction of PCs on campus by reducing the number of student labs. The intention is to create a "bring your own device" environment. We will keep the newer computers and discard the older models; cutting down on maintenance. The plan is also to change the number of printers on campus. The technology budget consists of a \$900K infrastructure (band and software/hardware maintenance).

An increase of \$50 per course will be proposed for all allied health CE courses.

The deferred maintenance expense has historically been covered by growth in tuition and fees. But, we have seen a decline in enrollment the past couple of years and have relied on a transfer from fund balance to cover the expense. We are nearing the target fund balance approved by the board and will no longer be able to utilize this fund for deferred maintenance. Administration is requesting an \$800,000 annual budget for deferred maintenance, including continuation of the Campus Safety Plan.

Dr. Butler is requesting a 2% salary increase for all employees. The budget reflects the salary increase and related benefits. He stated it is important to support the employees and not fall behind the market by forgoing an annual increase. This makes it much more difficult in future years to catch up.

Dr. Butler explained that any changes to tuition and fees for the 2014-2015 academic year will need to be approved at the March 31st board meeting. VIP registration for fall begins in April. He recommended holding tuition the same, but making an adjustment to the general fee.

4. **Discuss tuition, fees and other revenue.** Keith Blundell reviewed the Semester Credit Hours-Historical Trend report. The budget includes a projected 5% decrease in enrollment. Dr. Butler discussed options for adjusting tuition and/or fees. He recommended an increase of \$5 to the general fee and holding tuition and the out of county rate the same.

Ron Walker asked for a general consensus of the \$5 increase in general fees. The board was in agreement to this amount.

Dr. Butler noted that we may need to consider adjusting the tax rate. Employees will also continue to work on identifying cost savings. Keith Blundell referred to the Tax Rate Analysis report pointing out that the M&O is below average. He also reviewed the various financial scenarios of potential tax rate increases and appraisals.

5. **Discuss deferred maintenance and infrastructure projects.** Keith Blundell reviewed the Deferred Maintenance job list for years 2015-2020. He indicated that some of the projects could be moved around the time schedule, but some could not be delayed much longer. These projects need to be covered through the budget. At this time, the library has the largest need. With the uncertainty of UHV's plans for the library, it is difficult to figure that into our master plan. Larry Garrett informed the board that it would take \$1.5

million to stop the deterioration of the building. The library's heating/cooling systems are outdated and it needs a more efficient system. It would take \$10 million to completely modernize the building. The master plan will be revisited this semester and we will determine the best use of the library.

6. **Discuss Campus Safety & Security Plan.** Keith Blundell presented the details and costs of the Campus Safety & Security Plan. He informed the board that this plan will be complete in 2017. He indicated that the majority of the expenses at this time are for internal and exterior cameras, access control (card system) which includes door hardware as well as AED's in all of the buildings on each campus.
7. **Discuss new 60 credit hour degree mandate.** Dr. Butler informed the board that this will not impact this budget but will affect the 2015-16 budget year. The 60 hour rule was approved the last legislative session for 2015-16 and applies to all colleges. All degrees that exceed 60 hours will have to be revised to adhere to the new ruling. VC has several degrees that currently require 72 credit hours. Dr. Vandervoort informed the board that we will have to submit the revised program hours to the Texas Higher Education Coordinating Board by October 2014. Change will take effect fall 2015. She also noted that VC will begin advising the students of these changes as soon as possible.
8. **Discuss credit and non-credit program/course changes.** Dr. Patricia Vandervoort discussed several changes to instructional offerings/programs. The Medical Laboratory Technology program has had low enrollment the past few years and the current director of the program is retiring. This program will be deactivated. The Professional Office Tech program will be deactivated. Some of the courses from this program will be offered in the business degree program. The current faculty member will continue to teach the courses. After researching the EMS programs provided at other colleges and the area demand, the one year paramedic certificate is the most desired. Therefore, the two year associate degree will be deactivated, but VC will continue to offer the Paramedic Certificate. The College is able to reactivate any of these programs within three years if the demand for the program returns. With the addition of the ETC, the College will be developing three new programs: AAS in Machining; AAS in Oil and Gas Technology; and a certificate in Industrial Maintenance Mechanic.

Jennifer Yancey walked through the Workforce & CE Tuition & Fee Changes. She pointed out that the majority of increases are in the healthcare profession courses and are to cover expenses and align with the market.

There being no further business, the meeting adjourned at 6:59 p.m.

Ron Walker, Chair

Dr. Josie Rivera, Secretary