

MINUTES of the WORKSHOP
of the BOARD OF TRUSTEES of VICTORIA COLLEGE
held December 5, 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 | ✓ Pat Vandervoort |
| ✓ Jennifer Yancey | ✓ Florinda Correa |
| ✓ Keith Blundell | ✓ Larry Garrett |
| ✓ Debbie Rains | |

The Victoria College Board of Trustees met Friday, December 5, 2014, at 10:00 a.m. in Room 109 of the Student Services Building, 2200 East Red River, Victoria, Texas. Mr. Ron Walker, Chair, presided over the workshop.

A. Call to Order:

1. Mr. Ron Walker called the meeting to order at 10:07 a.m.
2. Dr. Tom Butler certified that the agenda had been properly posted per Texas statute.

B. Citizen Communication:

1. The Public was invited to address the board. No public comments were heard.

C. Workshop Discussion:

1. **Operating Budget.** Dr. Butler informed the board that fall enrollment numbers are down resulting in a direct impact to the credit course revenues; following the same pattern of a 5% decrease. The current budget was built estimating enrollment would be the same as the previous year. During this period of decline, using the traditional budgeting model is difficult. Because of this, we began looking at the budget in September instead of January as we would typically do.

Keith Blundell began his overview noting that VC had a net positive of \$60,000 in the fund balance for FY 2013-14. He attributed this overage to the cut in Deferred Maintenance spending which was combined with the Campus Safety Plan and budgeted for \$800,000, the increase in non-credit revenues, and the receipt of the last payment for the UHV-VC Memorandum of Understanding. He noted that the MOU with UHV was never budgeted because of the uncertainty. He also informed the board that the FY 2013-14 Audited Financials will be provided at the December 17th meeting showing a \$1.7 million surplus, adding that the monetary gifts for construction of the ETC added to this surplus.

- **Analysis of Net Position & Core Expenditures.** In reviewing this statement, Mr. Blundell reminded the board that they had voted at an earlier meeting on a target goal of Net Position to be maintained at 20% for emergency operation and 20.80% for core expenditures for FY2013-14. He explained to the board that the FY2014-15 must not drop below \$5,151,171(20%) in order to stay within the minimum projected percentage rate.
- **Reconciliation of Proposed to Prior Year 2014-15.** Mr. Blundell pointed out the projection of credit hours with a 5% decrease (\$453,000) in tuition and fees as well as the \$54,000 under Operation and Maintenance for the purchase of the portable building at the Liberty Training Center; explaining that VC had been leasing the building. He also informed the board that the actual spending in Deferred Maintenance had decreased due to some of the HVAC work being done “in-house” and the sale of salvage with a current savings of \$75,000. He referred to the \$587,000 ending deficit as projected.
- **New positions/changes.** Mr. Blundell walked through the post budget changes for this item submitted for FY 2014-15 pointing out the positions under Instruction, Admin Services, Advancement & External Affairs and Student Services, noting decreases and increases in the projections for these positions. He informed the board that the changes resulted in a \$154,000 increase.
- **2015-16 Proforma Budget Reconciliation.** Mr. Blundell explained that the reconciliation begins with the approved budget and adjustments/projections are then outlined. The 5% decrease in credit hours is not projected from 2015-16, but from the 2014-15 budget which is being used as a starting point. He mentioned that the budget decline is the result of losses and gains of the last few years and noted that we’re basically back to 2008 figures.
- **State Funding.** In discussing this item, Mr. Blundell stated that all models of the state funding indicate a potential increase of \$300,000 in appropriations. He reminded the board that 10% of the income is from Student Success points, which have an established set dollar amount per point, a \$500,000/year base funding and the remainder is contact hour reimbursement. The decrease in enrollment could affect performance.
- **Property taxes.** Mr. Blundell pointed out that a 5% increase was projected, either in assessments or rate increase. He informed the board that we are still expecting growth in assessment and new properties (increase in value vs. growth). There has been a 6-7% growth rate over the last 5 years. He reminded the board that the rollback tax rate was adopted for 2014, leaving VC with the flexibility of a ½ cent increase next year.
- **Employee Raises.** Mr. Blundell noted that a 2% raise was projected for the 2015-16 budget.
- **New positions/changes.** Mr. Blundell discussed this item in detail earlier in the workshop and informed the board that the net effect would be lower than FY 2014-15.
- **Tech Plan.** Mr. Blundell informed the board that this item included hardware, infrastructure and software/maintenance fees, with infrastructure dominating the tech plan. He reminded the board that the FY 2014-15 budget came in at \$1.8 million. He noted that the plan was cut by \$1,000,000 by decreasing the number of pc's on campus and

implementing the BYOD (bring your own device) system, reducing the number of printers and computer labs. He walked through the itemized Tech Plan indicating an estimated budget of \$1.9 million.

- **Deferred Maintenance & Campus Safety.** Funding set at \$800,000 through operations.
- **Vehicles.** Mr. Blundell informed the board that a new vehicle is needed for the VC Police department.
- **Incentive plan.** This item will be discussed later in the workshop.
- **Strategic plan.** Mr. Blundell reminded the board that projects require funding and we will need this support in order to be successful.

He concluded with the projection for FY 2015-16 having a \$1,327,474.81 deficit, but he reminded the board that FY 2013-14 began with a deficit, but ended with a surplus. The administration will continue to work on cuts and revenues. He reminded the board that we still have the option of the $\frac{1}{2}$ cent tax rate increase to consider.

There were several conversations around the table concerning credit hour enrollment funds decreasing as part-time students have increased, resulting in a bigger drop in hours more so than head count.

Ron Walker, Chair announced at 11:04 a.m. that there would be a short break before moving to the next item. The workshop reconvened at 11:08 a.m.

2. **PARS.** Dr. Butler explained that in an attempt to reduce the deficits in our current budget and next year's we are considering the restructure of VC's workforce by participating in a voluntary tax deferred separation incentive plan for select employees through Public Agency Retirement Services (PARS). PARS is made available through the TCC Cooperative Purchasing Network administered by TACC. Ms. Dion Papafote, Senior Manager of PARS presented the Proposed 2014-15 Tax Deferred Separation Incentive Plan to the board. Ms. Papafote explained that PARS has specialized exclusively in retirement plan consulting and administration for public agencies since 1984 and is a fee-for-service company. She noted that PARS has been working with VC to design this separation incentive plan for the 2014-15 academic year and that the plan provides several options for the eligible employees to choose from. She explained that PARS handles all aspects of the Plan; implementation and administration to include: design and analysis, plan communication and education, enrollment, post analysis and ongoing administration. She further explained that if approved, it would be offered to eligible employees and anticipates having a response by mid-February from those employees interested in participating. She walked through the tentative implementation schedule assuring the board that the proposed deadlines could be adjusted to fit VC's schedule. The plan eligibility scenario presented to the board limits eligibility to employees earning \$50,000 or more and having at least 15 years of service. This plan excludes employees in Student Services and Administrative Services.

At the completion of Ms. Papafote's presentation there were several discussions concerning employee response and reaction. Dr. Butler will place this item for consideration on the agenda for the December 17, 2014 special board meeting. He will send an email to all faculty and staff informing them that this will be considered at the meeting.

There being no further business, the meeting adjourned at 12:12 p.m.

Ron Walker, Chair

Dr. Josie Rivera, Secretary