

MINUTES of the WORKSHOP
of the BOARD OF TRUSTEES of VICTORIA COLLEGE
held August 13, 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	
√ Debbie Rains	

The Victoria College Board of Trustees met Wednesday, August 13, 2014, at 12:30 p.m. in the Charla Borchers Leon Board Room, located in The Leo J. Welder Center for the Performing Arts, 214 N. Main Street, Victoria, Texas. Mr. Ron Walker, Chair, presided over the meeting.

A. Call to Order:

1. Mr. Ron Walker called the meeting to order at 1:05 p.m.
2. Dr. Tom Butler certified that the agenda had been properly posted per Texas statute.

B. Workshop Discussion:

1. **Deferred Maintenance and Campus Safety Plan.** Keith Blundell presented this item to the board. Keith walked through the descriptions and prices for the improvements listed on the data sheet for the Deferred Maintenance Job List 2014-2015. He informed the board that the Deferred Maintenance and Campus Safety Plan have been combined and that \$800,000 (\$486,000 DM and \$313,000 CSP) is needed to stay on track, but the Deferred Maintenance items can be adjusted as needed. He stated that the Campus Safety Plan is a large 3-year project. Once the CPS is complete the focus will be put back on the Deferred Maintenance items. He walked through the various proposed DM projects for 2015, reminding the board that the Library continues to have the biggest need. Dr. Butler informed the board that VC just recently signed a 2-year contract with UHV for use of the library. Dr. Butler added that the driver of the future of Deferred Maintenance is enrollment. The oil industry is drawing everyone into the paying sector. As the population increases, enrollment should gradually increase as well. We may need to address the budget again in September if fall enrollment drops again. He further informed the board that VC has recruiters on both high school campuses and dual credit with VISD is up.

Keith walked through the data for the proposed Campus Safety Plan pointing out the main goal as being the placement of the internal and external cameras on all VC campuses. The items listed also include access control and equipment for the electronic elements, and door hardware

for exterior doors, which will also involve some replacements and adaptation. Mr. Blundell completed his review with information on the Automatic External Defibrillators (AEDs) reminding the board that they will be installed on all VC campuses.

2. **2014-2015 Operating Budget.** Dr. Butler reminded the board of the discussions held at the March 17, 2014 workshop regarding the work involved in developing the internal budget due to numerous factors. With the help of admin council and numerous departments, we were able to realize a \$900,000 savings. He also reminded the board that they approved a \$5 increase in the General Fee at the March 31, 2014 meeting to further help cover the shortfall in the budget. Mr. Blundell discussed the process for developing the 2014-2015 Operating Budget and walked the board through several items that will need to be considered, including:

- **Revenues and Expenditures**

He noted the increase in both revenues and expenditures, adding that the ETC and taxes play a major role in this budget. The ETC will increase operating costs by \$723,000. The projected revenue for the ETC is at \$1,339,232 and total projected expenses are at \$1,503,897, leaving a \$164,665 deficit for one year. The room rental rates & other charges were determined by an analysis of several new local hotels with conference rooms and amenities. Mr. Blundell walked through the ETC Operational Plan to include the conference center, continuing education, associate degree programs, and the estimated costs for administrative services. Jennifer Yancey added that Tempy McLeod was selected as the ETC Manager.

- **New positions.** Mr. Blundell reviewed the new positions and informed the board that the cost of adding these positions is \$241,234. He pointed out the 2 new institutionalized positions totaling \$21,838.

- **Technology plan.** Mr. Blundell informed the board that numerous adjustments were made to this plan in order to cut \$912,000. One of the adjustments made involved replacement of computers. Instead of replacing 400 plus computers and various printers that had exceeded useful life, the campus now provides the option to bring your own device and utilize several printing stations with the use of the “Paper Cut” app. There are currently 4 print stations on the main campus. The cost of printing to the student is \$0.05 per single sided sheet and \$0.08 per double sided sheet. This will reduce the number of computers and labs on campus and will reduce costs for service calls and paper provided by VC.

- **Tuition & Fee Analysis and comparison of Texas Community College tuition & fees.** Mr. Blundell reviewed the provided data with the board, noting the decline in tuition (5.6%). He reviewed the T&F for residents and non and out-of-county residents. Mr. Blundell walked through the T&F and Semester Credit Hours History, pointing out the total SCHs of 77,448, showing a 6.08% decrease.

- **Salary & Benefits estimates** (to include a proposed 2% salary increase) Mr. Blundell presented the FY 2015 Raise Estimates and History of Salaries to the board. Dr. Butler expressed his concern of the competition that oil companies present at this time, especially with new hires, and recommends the 2% increase.

- **Administrative Budget Adjustments.**

Mr. Blundell reminded the board that in order to address potential budget deficits from declining student credit hours and decreased state funding of employee benefits, each of the members of the Administrative Council were asked to evaluate their budgets and work with their department heads to make significant cuts in expenses. As a result, the

Council cut over \$1,026,000 from the 2014-15 Operating Budget. In addition to the departmental cuts, the Continuing Education department adjusted some course fees and added new courses to generate an additional \$390,691 in revenue. A final reduction in the deferred maintenance reduced expenses by \$260,566, thus balancing the budget. The following reductions were noted:

Salaries w/benefits (\$309,463) was reduced primarily in instruction and student services through attrition of retirees, restructuring of departments, reducing some faculty from 12 to 9 months and taking some staff positions from full-time to part-time. Dr. Correa explained that an Admissions Analyst position was cut, a financial aid position was reduced to part-time and an administrative assistant moved to instruction.

Utilities (\$335,100) to include new electricity rate and energy efficiencies.

Prior year on time purchases (\$105,000) Items significant in the PY budget but not applicable to the current budget to include costs of police academy vehicles, SACS compliance and election costs.

Food Services (\$30,000) due to increased projected sales with contracted operations with Aramark.

Discretionary account reductions (\$246,444) This was achieved by making operational cuts to supplies, travel, etc., within departments across the college.

3. **Ad Valorem Taxes.** Dr. Butler reminded the Board that Rene Scherer prepared the Effective Tax Rate (ETR) and Rollback calculations for VC. Mr. Blundell walked through the Property Tax Scenarios, reviewing 3 years of tax history and the tax appraisal comparison printout. He informed them that taxable values increased by 5.66% and that 2013 was the first year that we assessed taxes for the 2012 Tax Obligation bonds for the ETC, which caused the calculated ETR for 2014 to increase. New improvements are exempted from the ETR calculation and were \$166,891,752. The ETR calculation for 2014 is \$0.1744 per \$100 valuation. The ETR calculation would bring in \$782,260 less than what has been budgeted. The current rate of \$0.1823 would generate \$310,515 less than the proposed budget. A rate of \$0.1923 per \$100 valuation (an additional \$.01 to the current rate) would generate \$286,630 more than is budgeted. The rollback rate was calculated to be \$0.1875 per \$100 valuation and would generate exactly the amount of the proposed budget and \$841,872 more than last year's M&O assessment. Mr. Blundell walked through the 10-year history of tax rates and tax & valuation survey. He concluded with walking through the 2014 ETR worksheet and tax planning calendar.

4. **Unrestricted Net Position (UNP).** Mr. Blundell reviewed the data for the Analysis of Net Position with the board. He pointed out the \$905,000 deficit resulting from the decrease in tuition and fees (4.6%), the TRS previous year funding (\$301,000), health insurance was under-budgeted by \$400,000, exemptions of \$250,000, Deferred Maintenance & Campus Safety Plan (\$400,000). He reminded the board that the State calculates benefits based on enrollment and we anticipate enrollment to decrease. The Campus Safety Plan is a big factor in the deficit. Mr. Blundell walked through the history of Core Expenditures with the board.

There being no further business, the meeting adjourned at 2:42 p.m.

Ron Walker, Chair

Dr. Josie Rivera, Secretary