

**AMARILLO COLLEGE BOARD OF REGENTS
MINUTES OF RETREAT/BUDGET RETREAT
July 26, 2018**

REGENTS PRESENT: Mr. Johnny Mize, Vice-Chair; Ms. Anette Carlisle, Secretary; Mr. Jay Barrett; Ms. Michele Fortunato; Mr. Dan Henke; Ms. Sally Jennings; Mr. Patrick Miller; and Dr. David Woodburn

REGENTS ABSENT: Dr. Paul Proffer, Chair

CAMPUS REPRESENTATIVES PRESENT: None

CAMPUS REPRESENTATIVES ABSENT: Mr. Mike Running, Representative for the Moore County Campus

OTHERS PRESENT: Mr. Bob Austin, Vice President of Enrollment Management; Mr. Kevin Ball, Vice President of Communications and Marketing and CEO for Panhandle PBS; Dr. Tamara Clunis, Vice President of Academic Affairs; Ms. Cara Crowley, Vice President of Strategic Initiatives; Ms. Lyndy Forrester, Vice President of Employee and Organizational Development; Dr. Russell Lowery-Hart, President; Ms. Denese Skinner, Vice President of Student Affairs; Mr. Steve Smith, Vice President of Business Affairs; and Mr. Mark White, Executive Vice President and General Counsel

Ms. Joy Brenneman – Exec. Asst., Pres’s Off. and Asst. Secy. to the Board of Regents

BOARD RETREAT/BUDGET RETREAT

The Retreat was called to order at 5:20 p.m. by Mr. Johnny Mize, Vice-Chairman of the Board of Regents, who welcomed all in attendance. A quorum was present.

BUDGET PRESENTATION

Mr. Smith presented the 2019 budget and noted that it is not entirely finalized. The 2019 budget is comparable to 2018. He reviewed the Operating Revenue and noted that tuition and fees are down with contact hours down 3%, however there is still a month before the Fall semester starts. He budgeted a little lower than last year to get close to last year’s numbers. Two faculty positions have been added in the biology department which will add additional tuition and fees. Federal grants and contracts are about the same as last year. Local grants and contracts include the maintenance fees paid by Moore County and Hereford. Hereford’s amount has not come in yet but is expected to have a slight increase. Non-Governmental Grants and Contracts and Sales and Services remain about the same.

He reviewed the items that make up the Auxiliary Enterprises totaling \$6.4M and include the Bookstore and East Campus Tools. Hagy Childcare Center issues have been resolved and it should now generate some revenue. They are currently at 78% occupancy and expect to be at 100% before school starts. In addition, revenue of \$23,000 is expected by Palace Coffee and \$4,800 by the Amarillo Opera. Palace Coffee has not generated revenues as projected but this should improve in the future. They were only open for one semester of the year. An RFQ has gone out for food trucks and revenue can be expected from those based on a percentage of sales. These would offer a variety of food choices and would rotate between campuses. East Campus Housing revenue is budgeted at \$2.8M. Rent was raised last year between \$50.00 and \$100.00 depending on the size of the home. Occupancy rates dipped some after raising the rent, but a slight increase is expected next year. Some

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plumbing and wiring upgrades are in process as homes become empty. The negative number under Auxiliary Enterprises is the employee scholarships which are funded by this auxiliary revenue.

State appropriations did not change because this is the 2nd year of the biennium, however local taxes are up. Local taxes are approximately \$25M and bond payments are made from this amount leaving a balance of \$20.4M in local tax revenue. About \$1.5M tax revenue is lost due to frozen taxes. Debt payment next year will be \$300,000 and will continue to rise for several years. Bonds may no longer be refunded, but the college's sinking funds will help pay these debts. The amount of state appropriations in the future is unknown and the best solution is to increase enrollments. Investment income has been good but is beginning to slow. Total revenue reflected in the preliminary budget is \$67M.

Mr. Smith next reviewed the Disbursements section of the budget. Cost of Goods Sold is mostly for books in the bookstore. The bookstore could see some increases due to THRIVE. He noted that THRIVE students will have systems in place to insure that these students have help and connection with campus support systems. The salaries are pre-raise numbers for comparison and there are very few changes. Two full-time biology faculty will be hired and these sections are already full. One person was added in Customer Service, a custodian was added for the greenhouse, and a percentage of institutional funds was added for two grant staff.

Mr. Smith discussed raise options. This is the first year all employees will be eligible for merit raises. Faculty spent two years designing their own merit system. Dr. Lowery-Hart recognized Mr. Smith and Dr. Clunis for their work to increase faculty pay and monetize professional development. The faculty step which is added to the base pay remains at \$500 and he is recommending a 2% pool of funds for raises. The regents were agreeable to this amount being included in the budget which will be presented for approval at the August Regular Board Meeting.

Departmental operating systems are slightly higher due to a different method of including these but there is offsetting revenue. An increase in property insurance is expected because of hail damage claims in Dallas and Hurricane Harvey. Insurers are pulling out of Texas and he has had trouble getting quotes.

Capital Expenses are close to last year and A&I is not included because the Master Plan is beginning and recommendations are unknown at this time. The Computer Related category will include more software to cover two new implementations – SoftDocs and TouchNet. Much investment in hardware happened in the 2018 budget. \$600,000 in the contingency fund may be used later for capital items if there is an excess. It does include a larger fund for writing off bad debt as Mr. Smith works through many years of this.

Mr. Smith stated that he feels this is a conservative budget. He noted that the computer lab in the basement of the Ware Student Commons is in process with funds from the sale of property and Title V funds. He expects to have a bid for this project on the Board agenda in September or October.

During the August Status Update, the Board will be provided with a full update on THRIVE including enrollment, redesign, tracking, marketing, and TSI.

COMMUNITY PARTNERSHIPS

Dr. Lowery-Hart discussed the work of Parkhill, Smith, and Cooper to date on the Master Plan. The first phase of this plan was the Amarillo Innovation Center to be located downtown. They met with 15 focus groups, including senior citizens, about what they would want in an AI Center. The idea was well-received by the focus groups. This center would make the AC Downtown Campus a part of the

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downtown area and bring the community to the campus. He presented their first conceptual rendering which was attractive to those in attendance.

Dr. Lowery-Hart has been working with the Hereford and Moore County campuses regarding full healthcare programs at their campuses. There are not enough students to fill these programs. Frank Phillips College is facing the same challenges to provide this in Dalhart. He has met with FPC to work out details for a rural health center to create pathways for health fields in partnership with the rural hospitals and using funding from the hospitals. There is also much grant money available for rural health programs at this time. These programs would be delivered using ITV from a virtual location. Offering these programs in this manner will require a sub-change rather than a new program which would require an accreditation process. This will be mutually beneficial to both institutions and allow each to provide the programs they do well. It will also provide the opportunity to collectively write grants and fundraise. The details are still being worked out, but a proposal will be brought to the Board in the future.

Dr. Lowery-Hart asked that Board members and Cabinet help to get the word out that THRIVE is now available to all AISD students who just graduated and meet the requirements. Letters have gone out to these students and marketing will be connecting with those who have not engaged.

Dr. Lowery-Hart had asked the Board and Cabinet to read *Demographics and the Demand for Higher Education* by Nathan D. Grawe and discuss at this meeting. It paints a frightening picture of what enrollments will look like in the next few years and makes predictions about community colleges that will close or merge. The book states that Texas could be exempt but only takes into consideration colleges in the larger cities. Amarillo College needs to be prepared to tell its story. Large universities such as University of Texas in Austin and Texas Tech are now offering free dual credit online to any student including those in the Amarillo area. Tech has 900 students enrolled and is targeting the Panhandle and UT has 12,000 dual credit students. This is a big issue facing community colleges. AC will need to focus on the growing population of Hispanics, single moms, and low-income students and let them know what supports Amarillo College has in place for them. AC has put these supports in place and is ahead of other colleges but still has work to do. There is also a push to make AC a place for all students, and not be known as the school for poor students. The redesigned Badger Beginnings is creating a true college experience for new students and the college should be aggressive in every sector.

BOARD AND PRESIDENT'S EVALUATION PROCESS

Dr. Lowery-Hart provided copies of materials received from Regent Barrett which could be used as examples for Board and President evaluations. He also provided two versions of his prior evaluations. Aspen is revising President and Board evaluation tools and has asked Amarillo College to be a part of a pilot, but these will not be ready for use this year. The Regents preferred the previous Aspen tool rather than the another one Dr. Lowery-Hart had used before that.

The examples provided for the Board evaluation included a bank of questions from which to choose. AC's board policy lists certain items that should be evaluated for the Board each year prior to September 30th. Regents Barrett and Carlisle will compile the Board evaluation and work with Ms. Brenneman to distribute this and compile the results.

The Board selected the Aspen evaluation used previously for Dr. Lowery-Hart who noted that Chairman Proffer would like Ms. Lyndy Forrester to distribute this to the Board and collect and score the information as it is returned.

Both evaluations will be placed on the August Board agenda. The President's evaluation will take place in a closed session, but the Board evaluation takes place in the open meeting.

AMARILLO INCENTIVE GUIDELINES UPDATE

Dr. Lowery-Hart provided the Board with a copy of the City of Amarillo's *Comprehensive Guidelines and Criteria for Economic Development Incentives* to be considered at the August regular meeting. This document sets clear incentives up front for businesses and provides different levels of tax abatements depending on the business's economic impact on the city. It would allow quick negotiations with companies and has shorter abatement periods than a TIRZ. Mr. Smith did some analysis of the cost and benefit to AC and determined it would be hard to lose money provided the company only came and brought new jobs and taxpayers because of the abatement. Questions were asked about whether these companies would lose their abatement if they did not meet the proposed criteria. The College could request copies of the reports required under these guidelines. Andrew Freeman, Director of Economic Development and Intergovernmental Affairs for the City, will be asked to a future Board meeting. The Board will want to be sure the City articulates how they will determine that commitments are being met. The City is requesting that Amarillo College adopt their criteria. AC could also propose its own criteria. State law requires that AC's criteria must be updated every two years. Mr. White and Mrs. Carlisle will work on this item.

ADJOURNMENT

Dr. Woodburn moved that the meeting adjourn. There being no further items for discussion or action, the meeting was adjourned at 7:54 p.m.

Anette Carlisle, Secretary