

**SPECIAL MEETING  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**May 25, 2017**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, May 25, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas 77007.

**MEMBERS PRESENT**

Eva Loreda, Board Chair  
Christopher Oliver, Vice Chair  
Neeta Sane, Secretary  
Zeph Capo  
Carolyn Evans-Shabazz  
Robert Glaser  
John Hansen  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Muddassir Siddiqi, President, Central College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell LLP  
Melissa Miller-Waters, Faculty Senate President  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loreda, Chair, called the meeting to order at 2:11 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

*(The following Trustees were present: Evans-Shabazz, Hansen and Loreda)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**BUDGET WORKSHOP REGARDING PROPOSED UNRESTRICTED BUDGET FOR FISCAL YEAR 2017-2018**

Dr. Maldonado noted the item is a continuation of the budget process to discuss the unrestricted budget proposal for 2017-2018. He apprised Mrs. Teri Zamora would provide an overview of the proposed budget.

*(Mrs. Sane joined the meeting at 2:13 p.m.)*

*(Mr. Glaser joined the meeting at 2:13 p.m.)*

*(Mr. Wilson joined the meeting at 2:13 p.m.)*

Mrs. Zamora noted she would present the unrestricted budget which is the main operating fund that included the following:

- Executive Summary
- Budget Assumptions
- Budget Goals
- Centers of Excellence (Added an Automotive COE)
- College Locations (Service Area Map)
- Budget Timeline for FY 2018
- Completers
  - Unrestricted Expenditures by Completer
- Unrestricted Budget – Revenues
  - Revenue Recommendations – FY 2018
  - Estimated Unrestricted Revenues – FY 2018

*(Ms. Loreda stepped out at 2:23 p.m.)*

- Sources of Unrestricted Revenue

*(Ms. Loreda returned at 2:25 p.m.)*

- Tuition/Fee Comparative Rates – Fall 2016

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- Ad Valorem Tax Comparative Rates – 2017

*(Mr. Oliver joined the meeting at 2:29 p.m.)*

- Estimated Impact of Proposed Tax Increase to Homeowner
- History of Maintenance and Operations (M&O) Tax Rate
- History of Debt Tax Rate
- Unrestricted Budget – Expense
  - Priority Strategic Initiatives Influencing Budget – FY 2018
  - Priority Strategic Initiatives Influencing Budget – FY 2015 thru FY 2018
  - Proposed Budget by Expense Type – FY 2018
  - Budget Summary by Expense Type – FY 2015 thru FY 2018

*(Mrs. Sane stepped out at 2:35 p.m.)*

- Proposed Budget Summary – FY 2018
- Related Budget Information
  - Unrestricted Fund Balance
  - Salary Increases Being Considered by Peer Community Colleges

Dr. Hansen referenced the \$201.3 billion estimated tax base and inquired about the percent increase was from last year. Mrs. Zamora noted the increase was 3.4% as estimated from the counties.

Dr. Hansen noted an 8.3% increase on revenues is based on the recommended tax rate and inquired of the TRE rule. Mrs. Zamora noted the proposed rate is under 8% with variations and in accordance with the rollback calculation using Harris County's software. Dr. Hansen inquired of the maximum tax rate proposed and of the plan if the state reduces the maximum rate. Mrs. Zamora apprised the rationale was to capture the tax base available at this time to accommodate the buildings coming on board and apprised that the state mandate would go into effect next year.

Mrs. Sane referenced the priorities and noted enrollment should be a priority. She apprised that enrollment should be a top priority for the following benefits: educating more students, additional contact hour reimbursement and fully utilizing the additional space coming online. Mrs. Zamora noted there are several initiatives to increase enrollment included in the priorities.

Mrs. Sane inquired of the percentage of enrollment increase expected with the initiatives. Mrs. Zamora noted there will probably be a slight decrease in revenues due to the international market.

Mrs. Sane inquired of the international and domestic enrollment. Mrs. Zamora noted the college budgets normally for a 2% increase.

Dr. Evans-Shabazz noted concerns about the minority student enrollment and inquired as to how to become tuition free. Mrs. Zamora noted funds are placed in the auxiliary budget for student scholarships.

*(Mrs. Sane stepped out at 2:50 p.m.)*

*(Mr. Glaser stepped out at 2:50 p.m.)*

Mrs. Zamora noted that other options could be explored such as breaking the general pool of the scholarship funds down to cover more students.

Dr. Evans-Shabazz inquired as to what happens when a student leaves with an unpaid balance. She inquired if there are funds to assist those returning students to be able to pay off the balance. Mrs. Zamora noted the college provides several options and works with the students to pay off outstanding debt.

*(Mrs. Sane returned at 2:52 p.m.)*

*(Mr. Glaser returned at 2:52 p.m.)*

Mr. Oliver inquired if the presentation is the same as the one provided at the March Board Retreat. Mrs. Zamora noted the presentation includes some of the information provided at the retreat.

Mr. Oliver associated with Dr. Evans-Shabazz and inquired what could be done to assist students. Mrs. Zamora noted she would have to defer to the HCC Foundation representative.

Mr. Oliver noted enrollment has declined and inquired as to what efforts are being taken to increase enrollment. Mrs. Zamora noted one effort is to capture subsets of students taking the GED.

*(Mr. Capo joined the meeting at 2:53 p.m.)*

Mr. Wilson noted that if the college's debt was paid off students could attend free. He referenced unfunded state mandates and inquired of the characterization of the state rules on service areas as unfunded mandates. Mrs. Zamora noted the state funding is the same for the service areas and permits charging more to those who are out of district to replace the property tax not paid by the students. Mrs. Zamora noted HCC has three subsets of students: in service area, not in service area and those who live in the service area outside the taxing district.

Mr. Wilson referenced the three tiers of tuition and noted that a foreign student pays \$1,800 and someone who lives in the taxing district pays approximately \$7,600 from taxes and state reimbursement and out of state pays \$3,100; therefore, in essence, the in-district student is

subsidizing the cost of attendance for the other students. He requested the tuition tiers be considered in the future.

Mr. Wilson referenced page 25 regarding the marketing costs and inquired if there are any marketing costs unaccounted in the auxiliary budget. Mrs. Zamora noted \$2 million is paid for marketing costs from the auxiliary budget.

Mr. Wilson reference page 28 and noted the high travel cost for Northwest and Coleman and inquired as to the reason. Mrs. Zamora noted the travel referenced for Coleman is for mileage due to instructors checking on students spread throughout the city and noted she would have to review the reason for Northwest College.

Mr. Wilson referenced the lease at Northeast College-Pinemont and Coleman and inquired on the lease expiration for Pinemont. Mrs. Zamora noted the lease expires on August 31, 2018 and noted the cost for Coleman is rent for housing the Pharmacy Tech program in the McGovern building. She added the program is scheduled to move out this summer.

Mr. Wilson referenced contracted services and inquired of the figures. Mrs. Zamora noted the COEs provide training or maintenance of equipment that is managed through contracted services.

Mr. Wilson noted he personally views that items should be properly budgeted for and sees the contingency numbers as a slush fund that should not be included in the budget. He added that he would like excess revenue used to pay off debt. Mrs. Zamora noted that a larger debt payoff would be recommended if there are additional revenues.

Dr. Maldonado noted additional debt has been paid down since his arrival and noted that the debt management plan that was put in place would continue.

Mr. Capo noted there should be a thorough discussion regarding the debt management plan.

Mr. Capo noted he is sensitive about increasing tuition. He noted the college is a center for international students and a thorough review should be given to the scenario that would impact enrollment and efficiency rates. He apprised that he does not want students not be able to attend college for whatever the reason and a complete picture needs to be reviewed.

Dr. Maldonado referenced Mr. Wilson's comment regarding the average cost and noted the numbers are not determined by averaging the numbers because it skews the results as referenced by Mr. Wilson.

Mr. Glaser referenced page 16 and noted he was not aware that proposing to increase the tax rate was to get the maximum tax rate. He also noted he is sensitive to tuition rates but the college is not here to subsidize opportunities at tax payers' expense. He apprised that the

budget should be viewed from a different framework and the “take it or lose it” option on the ad valorem tax should not be utilized especially with a declining enrollment.

Mr. Glaser noted he does not disagree with Mrs. Sane's comments about increasing enrollment which has been more of a result than a goal. He apprised that the college offers opportunities. He noted subsidizing tuition to a degree is good but the budget needs to be reviewed regarding the tax rate. Mrs. Zamora noted 95 strategic initiatives were included in the budget packet. She noted a revenue was identified that could cover the expenses of the initiatives with a cut-off cap.

Mr. Glaser noted the initiatives should be prioritized and not take the maximum from taxpayers. He inquired how it ties into the Fund Balance of \$22 million. Mrs. Zamora noted a portion of it is cash flow.

Dr. Hansen commented in response to questions from Dr. Evans-Shabazz, Trustees Oliver and Sane in regards to free tuition. He noted that it requires someone to pay more money and there is little evidence the state/federal government would cover it. He apprised the other option is to raise local property taxes, which is not feasible under state law.

Dr. Hansen noted there are ways to increase enrollment and referenced the P-SOAR Program where students are identified early on and more students could be identified as potential students. He noted there are a lot of students capable of doing community college work and apprised that the early college numbers show that students are acknowledging the opportunity to attend HCC. He apprised the true numbers will be reflected at the end of the summer.

Dr. Hansen noted that academic issues are not the only reason students drop out and added that it is due to the lack of financial assistance, lack of food, healthcare and housing. Ms. Loreda noted she serves on a committee that attended a training on addressing students struggling to attend college.

Mrs. Sane associated with Dr. Hansen and apprised that one of the Legislative Appropriations Request (LAR) was case management advising. She recommended the additional revenue be allocated to advising to reduce the dropout rate and offset the expense not funded by the Legislature.

Mrs. Zamora noted a large Food Bank initiative will be rolled out in the fall. She apprised that selected students would receive 60 pounds of groceries twice a month based on need. Mrs. Zamora noted food trucks would be at Northeast and West Loop campuses and added that completion rates would be reviewed regarding the initiative of the pilot program. Mrs. Loreda noted that a great number of alumni participated at the Food Bank on May 6, 2017.

Dr. Evans-Shabazz noted the letters of pre-enrollment were an initiative implemented by her predecessor. She inquired as to what happens to the students when dual credit enrollment is not offered at schools. Dr. Beatty apprised that all the ISD schools have dual credit enrollment

programs and noted the letter of commitment distributed in Alief ISD would also be distributed to all the graduating students in the other ISDs.

Dr. Evans-Shabazz noted she had spoken to the Chancellor in regards to the homeless population. She apprised that GED programs will be offered at community-based organizations.

Dr. Evans-Shabazz referenced Dr. Hansen remarks on income tax and noted that not all individuals have an income to file a tax return. Mrs. Zamora noted that under the FASFA process, the IRS can verify income and TASFA is state aid for those who do not qualify for FASFA.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:34 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved as Submitted: June 15, 2017