

**NAVARRO COLLEGE BOARD OF TRUSTEES
FEBRUARY 17, 2011 MEETING
MINUTES**

The governing body of NAVARRO COLLEGE gathered on Thursday, February 17, 2011 for their regular monthly meeting. All trustees were in attendance including: Mr. Lloyd Huffman, Dr. James Price, Mr. Phil Judson, Mr. Richard Aldama, Mr. A. L. Atkeisson, Ms. Faith Holt, and Mr. Todd McGraw.

Others in attendance included:

Dr. Richard Sanchez	District President
Dr. Harold Nolte	President, Ellis County Campuses
Dr. Kenneth Martin	Vice President, Academic Affairs
Ms. Gertrud Moreno	Vice President, Finance and Administration
Ms. Maryann Hailey	Vice President, Student Services
Mr. Dewayne Gragg	Vice President, Enrollment Management and Inst. Studies
Dr. Tommy Stringer	Vice President, Institutional Advancement
Ms. Donna Parish	Director of Market Relations and Public Information
Mr. Roark Montgomery	Athletic Director
Ms. Marcy Ballew	Director, Human Resources
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Rayland Haynes	Media Integration Services Center
Mr. Oliver Sheehan	Corsicana Daily Sun

Various other faculty, staff, students and visitors were also present.

Call to Order and Dinner

Mr. Huffman called the meeting to order at approximately 6:00 p.m. in the President's Dining Room and dinner was served. Trustees were joined by Dr. Sanchez, Dr. Nolte, Dr. Martin, Ms. Moreno, Ms. Hailey and Mr. Gragg. No business was discussed or conducted during this time. Following dinner, trustees relocated to the Arrowhead Room of the Gooch One Stop Student Center for their regular monthly meeting.

At approximately 7 p.m., Mr. Huffman reconvened the meeting and asked Mr. Judson to begin with a prayer.

Board Announcements

There were no announcements made.

Open Forum Time

There were no requests to speak to the board.

Consent Calendar

- a. Minutes - Board of Trustees January 20, 2011 Meeting
- b. Minutes – Board of Trustees February 3, 2011 Special Meeting
- c. Revisions to *Section IV.05.01 – Satisfactory Attendance and Academic Progress Requirements for Residence Life* in the Navarro College Administrative Policies and Procedures Manual
- d. Revisions to *Section IV.11.00 – Online Instruction Guidelines and Procedures - Hybrid Courses* in the Navarro College Administrative Policies and Procedures Manual (POSTPONED)

e. **Revisions to Section VIII.19.00 – Harassment/Sexual Harassment, Intimidation or Bullying in the Navarro College Administrative Policies and Procedures Manual**

Dr. Sanchez requested that Item 106d. of the Consent Calendar, *Revisions to Section IV.11.00 – Online Instruction Guidelines and Procedures - Hybrid Courses in the Navarro College Administrative Policies and Procedures Manual*, be deferred to a later date. He stated minutes from the January 20, 2011 regular meeting and February 3, 2011 special meeting were presented for approval in addition to revisions to the Navarro College Administrative Policies and Procedures Manual.

He stated the proposed revision to *Section IV.05.01 – Satisfactory Attendance and Academic Progress Requirements for Residence Life* changes the minimum grade point average for students who reside on campus from a 0.00 GPA to 1.00 GPA. Dr. Sanchez indicated this change will help with residence life issues and mentioned he is contemplating increasing this to a 1.5 GPA in the future.

The proposed revision to *Section VIII.19.00* adds "Intimidation or Bullying" to the policy on "Harassment/Sexual Harassment." Dr. Sanchez mentioned that an increase in bullying and intimidation incidents nationwide has created a need to address these issues in the Policies and Procedures Manual.

Mr. Aldama moved to approve Consent Calendar items a, b, c, and e. Mr. McGraw seconded the motion, and the decision was unanimous.

Welcome New Trustee

Mr. Huffman acknowledged the presence of Ms. Faith Holt and stated this was her first official board meeting. Ms. Holt was appointed to fill the vacancy left by Mr. James E. Borkchum, Jr., who resigned from the Board of Trustees because of health issues. She was nominated and sworn in during the February 3, 2011 special meeting. All trustees joined Mr. Huffman in welcoming Ms. Holt.

Take Action on January 2011 Financial Statement

Ms. Moreno was asked to present the January 2011 financial statement. She welcomed Ms. Holt and explained she updates the board on the college's financial position each month. Revenues and expenditures are compared to the current year's budget and to the previous year's activities. She continued by presenting the January 2011 Financial Statement.

A review of the Statement of Budget Changes for the month ending January 31, 2011 indicated an increase of \$161,095 in revenues for a total revised budget of \$106,816,102. Ms. Moreno explained the increase was a result of a reallocation of funds from the Adult Basic Education (ABE) federal and state grants for 2011, funds received from Texas Higher Education Coordinating Board (THECB) to offset the cost of changing reporting procedures, and from volleyball, softball and baseball fundraisers. A transfer of funds between accounts, from the Educational & General Fund to the Auxiliary Fund, to pay for athletic lockers did not impact the total budget.

A review of the Source of Funds indicated 66.16% of the 2010-11 budget had been earned as of January 31, 2011. This was comparable to 66.84% at the same point in time last fiscal year. Ms. Moreno stated the differences in Student Income, with 92.95% earned compared to 100.36% the previous year, and Student Financial Aid, with 72.51% earned compared to 88.88% the previous year, was a result of making better projections when developing the budget.

A review of the Disbursement of Funds indicated 75.44% of the budget had been expended or obligated as of January 31, 2011. Expenditures were reduced when compared to 78.46% expended or obligated the same point in time last year. Ms. Moreno stated an increase in Museum expenditures with 95.45% expended compared to 85.14% the previous year was anticipated because of the Western Artists of America Show & Sale held at the Pearce Museum in January. She stated expenditures in the Plant Fund (107.5%) were related to recent construction projects which could not be compared to the previous year's activities (5.83%). She stated comparing Plant Fund expenditures from year to year would not be comparing

"apples to apples."

Ms. Moreno concluded by stating the college remains in sound financial condition.

Dr. Price moved to approve the January 2011 financial statement, and Mr. Atkeisson seconded the motion. The vote was unanimous.

Discuss and Approve Increase in Tuition and Fee Schedule for Fall 2011

Dr. Sanchez distributed information he prepared based on state appropriations being proposed by Senate Bill1 (SB1) and House Bill1 (HB1) for fiscal years 2011-12 and 2012-13.

Three financial models were presented:

- Model 1 represented no increase in tuition and fees.
- Model 2 represented an increase of \$1 in tuition for in-district and out-of-district students, \$1 in out-of-district fees, and \$6 for out-of-state tuition and an increase in the building use fees by \$1.
- Model 3 represented an increase of \$2 in tuition for in-district and out-of-district students, \$1 in out-of-district fees, \$7 in out-of-state tuition and an increase in building use fees by \$1.

Dr. Sanchez stated all three models were based on an estimated 5% increase in enrollment.

Dr. Sanchez began the discussion of the three models by comparing the revenue in state appropriation the college was allocated for the present biennium (2009-11) to proposed allocations for the upcoming 2011-13 biennium. He stated that HB1 proposes an allocation of \$1,403,279 less while SB1 will proposes an allocation of \$681,729 less in state appropriation. He then mentioned that state apportionment for employee health insurance benefits are proposed to be drastically reduced as well. As proposed, HB1 provides \$75/employee toward monthly premiums and SB1 provides 50% of the 83% allocated last biennium. He then discussed the shortfall in revenue the college would accrue in 2011-12 and 2012-13 as a result of the reduction in state appropriation and employee health benefits in both HB1 and SB1. House Bill 1 would create a deficit of \$1,499,992 while Senate Bill 1 would create a deficit of \$962,257 at the college.

He then presented his thoughts related to addressing the effect of reduced funding in state appropriation. Dr. Sanchez discussed the need for a 5% increase in enrollment in each of the next two years and items he has reduced in the current budget amounting to over \$1 million. He also discussed savings of \$173,700 recommended by the Cost Efficiency Committee and how he proposed to use the end year balance for 2010 in addressing the shortfall in state appropriation. The lack of funding in HB1 and the reduced funding for Adult Education in SB1 was also addressed. He mentioned that the Department of Labor grant for the Oil and Gas Program will cease in March 2012 causing the institution to fund the shortfall for the remainder of the year and the year following 2012-13 if indeed the college has interest in continuing the program at the current staffing level. The impact of reduced funding for public schools in the service area and the ability for the school districts to continue funding dual credit courses for their students was also discussed. Other budget reductions are being considered so the 2011-12 and 2012-13 budgets are balanced.

Dr. Sanchez then reviewed the three models he prepared with the Board of Trustees. He began by discussing model one and stated that without an increase in tuition and fees, considering all new revenue and proposed expenditures for 2011-12 and 2012-13, and using the proposed SB1 allocations, the college would have an excess in revenue during 2011-12 of \$822,642 and a deficit of \$2,278,704 in 2012-13. The shortfall in revenue for the district in 2012-13 would be approximately \$1,456,062. The shortfall using the HB1 calculations would create a deficit of \$1,816,450 for the biennium. He next discussed model two, which includes a modest increase in tuition and fees. Assuming that SB1 prevails as written and a modest increase in tuition and fees is approved, the college will again experience an excess of funds during 2011-12 of \$1,559,230 and a shortfall of \$2,241,874 during 2012-13 for a deficit of \$682,644 for the biennium. If HB1 should be funded

and tuition and fees are increased modestly, the college would face an excess in revenue during 2011-12 of \$1,563,045 and a deficit in 2012-13 of \$2,317,907 for a total deficit of \$1,043,032 for the biennium. Model three, a higher than modest increase in tuition and fees, would exhibit the same pattern as the two previous models. SB1 would also provide an excess in revenue in 2011-12 of \$1,804,846 and a shortage of funds in 2012-13 of \$2,229,594. The deficit for the biennium would be \$424,748. HB1 on the other hand, shows an excess in revenue during 2011-12 of \$1,808,661 and a shortfall in revenue during 2012-13 of \$2,268,797 for an approximate deficit of \$460,136.

After presenting the three models, Dr. Sanchez mentioned that he has placed \$800,000 in a special contingency to be used during 2011-12 if the State of Texas should request that state agencies return a given percentage of their state appropriation, similar to last year. In the event the special contingency is not used in 2011-12, the amount of \$800,000 could be applied to the accrued deficit during the second year of the biennium. This being the case, the college would have a balanced budget for both years of the biennium. If indeed the special contingency is used in 2011-12, additional reductions or another increase in student tuition and fees may have to be considered in order to balance the budget in 2012-13.

Dr. Sanchez continued by stating Navarro College is fortunate. Because of its growth in enrollment over the past 13 years, Navarro College is not being impacted as drastically by the proposed reduction in state appropriations as are other institutions. He stated it is very important to continue increasing student contact hours as the college will eventually be reimbursed for the amount of contact hours generated.

Dr. Price inquired why a 5% increase in enrollment was being projected instead of 8% when the college has been experiencing much higher increases. Dr. Sanchez, with the assistance of Mr. Gragg, responded higher increases were obtained by adding new programs such as Cosmetology, Petroleum Technology, TYC Training and Welding. Initial costs are required to generate each new program. It is anticipated a 5% increase in enrollment can be realistically obtained and supported without incurring additional cost.

Some discussion followed. Mr. Huffman inquired how any reduction in federal funds may also affect the college's budget. Dr. Sanchez responded that Carl Perkins and Adult Basic Education federal grants could be impacted and difficult choices will have to be made. A decision must also be made as to whether the Oil and Gas Program can be funded at its present level since federal funding will cease in March 2012.

Dr. Sanchez stated the college would not be wise to wait until the state determines a funding level for the college before setting the tuition and fee rates for the 2011-12 college year. He stated the college must begin developing a budget for 2011-2012 in March, long before the state makes its decision, and the new tuition and fees should be preferably published in the fall class schedule which will soon be printed and made available to students.

Ms. Moreno was then asked to present the impact the proposed tuition and fee increases will have on students and compare the proposed rates to the fall 2010 state average.

She stated that based on 12 semester credit hours and the increases proposed by Model 3 (\$2 in-district, \$2 out-of-district, \$7 out-of-state tuition, \$1 out-of-district fees, \$1 building use fees), Navarro County students' tuition and fees would increase by \$36. Texas students residing outside Navarro County (out-of-district) would see an increase of \$48, and non-Texas (out-of-state) tuition and fees would increase by \$108.

The proposed tuition and fees under Model 3 remain well below the fall 2010 state average. The proposed in-district fees are \$8 below the state average, out-of-district fees are \$6 below the state average, and out-of-state fees are \$6 below the state average. Ms. Moreno stated most, if not all, Texas community colleges will be increasing their tuition and fees this

approaching fall 2011 semester to offset the loss in state appropriations. As a result, the state average will be much higher making Navarro College's rates even lower in comparison.

More discussion followed. Mr. McGraw inquired why cuts made to the budget in 2011-2012 were not applied to help offset the deficit in the 2012-2013 budget as well. Dr. Sanchez explained the funds would no longer be available if they are taken in 2011-12.

Dr. Sanchez stated he prefers to avoid raising the tuition and fees as it hurts students who are already struggling financially. He stated there is no option and gave an example of a business owner having to pass on his cost to the consumer. He stated he would make a commitment to request a reduction in tuition and fees if the situation should improve.

Mr. Judson made a motion to approve the tuition and fee rate shown in Model 3 increasing in-district tuition \$2, out-of-district tuition \$2, out-of-state tuition \$7, out-of-district fees \$1, and building use fees \$1. Mr. Aldama seconded the motion. The vote was unanimous and the motion carried.

Discuss and Approve Increase in Room and Board Fees for Fall 2011

Ms. Moreno was asked to continue by presenting the proposed increase in room and board fees for fall 2011.

Ms. Moreno stated every attempt is made to keep increases in room and board fees to a minimum. Since the last increase two years ago, the cost of operations and goods has risen. A five percent increase is necessary to maintain the current level of services students enjoy. The proposed room and board fees would increase Eady and Jones Hall room rates \$47 and all other residence life apartments by \$52. Ms. Moreno explained rates for Eady and Jones Hall were lower because they are older, traditional style halls with indoor hallways compared to the rest which are more like a suite-style apartment.

Rates for the 18-meal plan would go up \$60 and the 15-meal plans by \$55. Ms. Moreno stated this averages out to a modest increase of only 21 cents per meal on the 18-meal plan and 23 cents per meal on the 15-meal plan.

Ms. Moreno stated it is difficult to compare Navarro College's room and board fees to other community colleges because of the differences in fee structures. Based on a 15-meal plan, Navarro College currently charges \$2,137 for its apartment style housing and \$2,037 for the traditional style residence halls. Blinn College assesses \$2,600 for their apartment style living quarters and \$1,675 for their traditional style; Trinity Valley - \$1,868 for apartment style and \$3,969 for traditional; Tyler Junior College - \$2,075 for apartment style; Hill College - \$1,300 for apartment style and \$1,675 for traditional; and Parish Junior College - \$2,250 for apartment style and \$1,800 for traditional.

Ms. Moreno stated the increase in revenues will help offset the increasing cost of food and services. It will also support an increase in bandwidth for the residence halls. She stated there is higher demand for internet access because of the numerous electronic devices students are using these days.

Mr. Aldama made a motion to approve the increase in room and board rates, and Ms. Holt seconded the motion. The vote was unanimous.

Update on College Crime Statistics (POSTPONED)

Update on Navarro College District P-16 Council (POSTPONED)

Mr. Huffman announced Items 204 and 301 on the agenda, "Update on College Crime Statistics" and "Update on Navarro College District P-16 Council", were being postponed until a later time.

Update on Personnel

Ms. Ballew welcomed Ms. Holt and explained that she presents updates on all personnel activities during the previous month.

Three "new faces" were presented:

- Jasper Chieng – Coordinator of Student Guidance – Corsicana
- Kenneth Hutchison – Maintenance Worker I – Waxahachie
- Jordan Sonnenberg – Assistant Bookstore Coordinator - Midlothian

There were no reclassifications, reassignments, transfers, resignations, terminations or retirements during the month of January 2011 to report.

Ms. Ballew stated three open positions on the Corsicana campus were currently being advertised: Area Housing Coordinator, Instructor of Sciences, and Assistant Football Coach/Intramurals/Instructor and concluded her report.

President's Report on Items of Information

Ms. Parish was asked to present highlights of coming events on the Board Calendar. Ms. Parish stated Dr. Sanchez has been asked to testify before the House Subcommittee in Austin on Friday, February 18. Other highlights included: President's Spring Forums February 22-25; College Preview Day March 5; Dr. Sanchez and Dr. Nolte will be attending the A.C.E. Annual Meeting in Washington D.C. March 6-8; Spring Break March 14-18; dedication of the new building on the Midlothian Campus followed by the next Board of Trustees meeting on March 24; and various athletic events.

Dr. Sanchez asked Ms. Moreno to present an update on the residence life occupancy rate. Ms. Moreno reported 765 beds were subscribed for the spring 2011 semester. She stated it is normal to have a lower rate of occupancy during the spring semesters. Based on a capacity of 835, the spring 2011 occupancy rate is 87%, which is 7% higher than the previous spring semester.

Dr. Sanchez asked Mr. Gragg to present an update on enrollment. Mr. Gragg stated on Monday, February 22, 2011, he expects to certify a record enrollment of 10,845 students for spring 2011. He stated this represents a 6.8% increase over last spring when enrollment exceeded 10,000 for the first time. This represents a significant 33% increase over the previous base year, well above the state average of 23.3%. Mr. Gragg stated that the 33% increase would have earned an additional \$5 million in state funding during the past biennium. He concluded by stating because of its growth, Navarro College is eligible for increased funding compared to other schools that may experience a decrease in funding.

Ms. Moreno was asked to give an update on the construction projects. She stated both the new Petroleum Technology and the Campus Police buildings have been completed. During an ADA inspection, one of the front walkways did not meet the established standard because of its incline. Ms. Moreno stated the contractors are in the process of correcting the deficiency. She stated the Police Department has moved into its new facility and classes will be moved into the new Petroleum Technology building next week. The Phase II building in Midlothian is complete and construction of the Cook Education Center's addition is on-going.

Dr. Sanchez continued with the President's Report stating the week before, he attended a Senate hearing during which the Legislative Budget Board gave its recommendation for funding community colleges. He stated their recommendation was no different from the senate version. Dr. Sanchez said he has been asked to testify before the House Subcommittee along with several other presidents on Friday, February 18, 2011. He distributed a copy of his prepared testimony to Trustees. He stated the focus of his testimony will be first on the issue of funding employee health insurance. Second, he will address the proposed changes to employee retirement. The proposed change from 6.4% to 6 will effectively reduce retirement packages over the course of their working career. The third issue he plans to address is student contact hour reimbursement. He stated the college depends heavily on student contact hour reimbursement for income. A total of 83% of the college's

revenues comes from student-dependent funding; student contact hour income represents 45% of its funding and state reimbursement represents 40%.

Dr. Sanchez continued stating he did not know what time he would be testifying. The four colleges left out of the House's Appropriations Bill will testify first. He stated he feels the four colleges will be funded. He added there is much stress in Austin. During the governor's recent State of State Address, he did not address the budget but he did talk about the tremendous increase in enrollment at one sector of higher education and failed to mention the increase came at community colleges. Dr. Sanchez stated it is his hope the governor becomes a friend of the community colleges during this biennium.

Dr. Sanchez reminded Trustees the meeting on March 24, 2011 will be held in Midlothian. Plans are to leave from the Corsicana campus at 4:15 p.m. and arrive in Midlothian by 5:15 p.m. The Midlothian Corporation for Economic Development plans to host a catered dinner for approximately 50 invited guests. Afterwards, a dedication ceremony will be held at the new (Phase II) building on the Midlothian Campus. Following the dedication, the Board will move to the first building to conduct the regular monthly meeting. Dr. Sanchez stated the Midlothian Corporation for Economic Development donated \$1.5 million towards the construction of the new building. He distributed copies of plans for a bronze plaque recognizing their contribution. He stated a framed copy showing what the plaque will look like will be presented to them during the dedication ceremony. Once the bronze plaque arrives, another ceremony will be held to install the plaque inside the building.

A dedication ceremony for the new Oil and Gas Building is planned for April 28, 2011. Dr. Sanchez stated significant contributions totaling over \$1 million were made by EnCana Oil and XTO Energy to help start the program and to construct the new building. Dr. Sanchez stated he is debating on the best approach to recognize their contributions. He stated the best approach may be to construct an outdoor sign acknowledging both entities on the sign. Mr. McGraw inquired if the building was being named after them. Dr. Sanchez stated their names would be listed below "Navarro College Oil and Gas Production Technology" on the sign as acknowledgement. Mr. Judson inquired if any donors were being left out and Dr. Sanchez stated other donations have been received by other energy firms but none as significant as those made by XTO Energy and EnCana Oil.

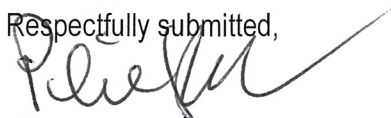
Dr. Sanchez stated he will be conducting spring forums during the following week. He plans to share the same information he discussed this evening regarding legislative funding with staff. He stated the board should know there is still some flexibility in savings if needed. One option would be to reduce the college's match to the Employee Retirement Plan and another would be to eliminate the employees educational reimbursement benefit. He stated he would rather not reduce the educational reimbursement match provided by the Board of Trustees if possible and concluded his report.

Announcement and Adjournment

Mr. Huffman announced the next Board of Trustees meeting will be held on March 24, 2011 at the Midlothian campus following the dedication ceremony.

Mr. McGraw moved to adjourn the meeting at 8:32 p.m. and Mr. Aldama seconded the motion. The decision was unanimous.

Respectfully submitted,



Phil Judson, Secretary-Treasurer
NAVARRO COLLEGE BOARD OF TRUSTEES