

SAN JACINTO COLLEGE DISTRICT
Board of Trustees Strategic Planning Retreat Minutes
June 25, 2021

The Board of Trustees of the San Jacinto Community College District met at 8:30 a.m., Friday, June 25, 2021, in room A-2.203 of the San Jacinto College District Annex Administration Building, 4620 Fairmont Pkwy., Pasadena, TX 77504 for a Board Strategic Planning Retreat.

Members Present: Erica Davis Rouse (attended a portion via Zoom), Marie Flickinger, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson (absent)

Others Present: Brenda Hellyer, Mandi Reiland, Teri Zamora

I. The meeting was called to order at 8:34 a.m. by Chair Marie Flickinger.

II. Roll Call of Board Members

Erica Davis Rouse (attended a portion via Zoom), Marie Flickinger, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson (absent)

III. Review 2021-2022 Budget Assumptions and Draft

A. Dr. Brenda Hellyer reviewed the 2021-2022 budget assumptions and draft. She explained that the process began with two revenue budget scenarios for Fiscal Year (FY) 2022. They settled on a positive but conservative scenario to guide budget development. The assumptions are based on reduced tuition recognizing a slow recovery in enrollment, with larger exemptions, offset by a reduction in bad debt set asides and an increase in continuing education revenue. The following assumptions were utilized in the draft: 1.8 percent reduction in State appropriation, 1.2 percent increase in property tax revenue, federal funds covering lost revenue and indirect cost contribution of \$8,250,000, 50 percent decrease in interest income, and 5.9 percent increase in other income.

B. Brenda explained that the 2022 tuition estimate of \$59,490,900 is based on the 2021 tuition budget with a decrease in enrollment, decrease in bad debt, increase in exemptions, and increase in continuing education factored in the calculations.

C. Brenda provided an update on legislative appropriations. She explained that there was flat funding overall for community colleges, but more allocation to student success points. For San Jacinto College specifically, there was a decrease of \$772,312 each year of the biennium primarily due to decrease in contact hours during base year period.

• Discussion –

1. The group discussed the legislative session and the state appropriations.

D. Teri Zamora provided an overview of property tax revenue. She explained how

taxable values are estimated and calculated. She stated that the preliminary values from Harris County Appraisal District (HCAD) indicate a 2 percent increase; however, we are using a conservative estimate of no increase in taxable values. She added that there will be no change in the total tax rate, but debt service for FY2022 is slightly lower resulting in higher M&O tax revenues. There is no information regarding growth from existing versus new properties. Also, there is 100 percent collection rate for M&O, and a 98 percent estimated certified collection rate for debt service.

- Discussion –

1. The group discussed property tax revenue and the history of the College's taxable values.

E. Brenda reviewed the unrestricted revenues. Teri highlighted the Higher Education Emergency Relief Funding (HEERF) lost revenue and indirect costs.

- Discussion –

1. The group discussed steps that can be taken if the College does not recover lost tuition. An important component of the FY2022 budget is that HEERF can fill the lost revenue gap for all but property taxes. The funds can also have a positive impact on the FY2023 budget, but concerns will be for the FY2024 budget if enrollment and student funding do not recover.

F. Brenda reviewed the unrestricted expenses.

G. Brenda provide an overview of the budget highlights and Fiscal Year 2022 priorities.

- The group discussed salary rates for lower wage employees and potential adjustment scenarios.

H. Brenda explained the reserves fund within the budget. In the FY2021 unrestricted budget, \$8.1 million was budgeted but was placed in a reserve fund requiring approval from the SLT to remove from the reserves and spend. This process was utilized to be able to budget for the best situation but also to control costs and release for spending only as the circumstances allowed and need presented. Throughout FY2021, some of the funds (\$5.8 million) were released to be spent; during the FY2022 budget process, some of the remaining funds were released. Moving forward with the FY2022 budget, \$2.3 million will remain in the reserve fund within the budget, requiring approval from the SLT to remove from the reserves and spend.

I. Brenda reviewed the auxiliary budget revenues and expenses.

J. Brenda explained the next steps related to enrollment, property taxes, and the budget process.

- For enrollment, the plan is to monitor and review enrollment and continue a strong marketing and outreach campaign. Some HEERF grant initiatives may increase enrollment.
- For property taxes, the Harris County Tax Office provides estimated certified values in late July and the final in late August/early September. The plan is for the September Board meeting: (1) consideration of approval of 2021 proposed tax rate, (2) review of No-New-Revenue and Voter-Approval tax rate calculations, and (3) approval of date to adopt tax

rate. We will hold tax hearings in September, if needed. The anticipated tax rate approval will take place at the October Board meeting.

- Revenue and expense budget items will be monitored and revised over the next month. The budget will be adopted at the August 2 Board meeting.

K. Brenda asked the Board members to let her know if they have any feedback on the budget assumptions. Also, she asked if members were comfortable with cancelling the scheduled finance committee meeting in July and review the proposed budget with the full Board at the workshop on August 2.

- Members present were comfortable.

IV. Review Enrollment Data and Ongoing Initiatives

A. Brenda reviewed information on enrollment data and ongoing initiatives. As of the date of the retreat, Summer 2021 enrollment was down 5.8 percent compared to Summer 2020 and down 3.5 percent compared to Summer 2019. Fall 2021 enrollment was down 13.9 percent compared to Fall 2020 and down 20.5 percent compared to Fall 2019.

B. Brenda explained the enrollment initiatives that are underway which are as follows: Retake courses for those failed or withdrawn from during Fall 2020 or Spring 2021, 21Forward initiative for in-district 2021 high school graduates, discharge of debt, Promise Program – 2020 and 2021 graduates of three area high schools, San Jac Cares calls, and targeted marketing activities. Brenda provided an update on the number of residents in the Clear Creek, Pearland, and Humble school districts that are a part of the College's taxing district. We did not announce the 21 Forward program at these feeder high schools. Plans are in place to reach out to these residents.

- Discussion –

1. The group discussed these initiatives and the update on the residential areas reviewed.

C. Brenda briefly reviewed the marketing and outreach handout. She explained this was put together by marketing as an update for the Board. Members can review if interested in details.

V. Review Use of Federal Funds

A. Teri provided an update on the Federal HEERF funding. This included funding from the CARES April 2020, Response & Relief December 2020, and the Recovery March 2021 funding.

B. Brenda explained each of the broad categories of use within the institutional funds and the amounts committed for each of those categories.

VI. Review Planning Considerations for Managing Donor Funds

A. Brenda provided an overview of the student success funds which included information on the facts of the donation, actions from the Foundation Board meeting held on May 6, 2021, planned elements of the student success fund management agreement, next steps, and tentative plans for planning and use.

- Discussion –

1. Keith Sinor asked if potential donors would be less inclined to

donate to the Foundation because of the recent generous donation we received and the HEERF funds.

2. Brenda responded that this could become an issue, but the publicity we are getting because of this can help for future donations.
3. Keith recommends taking a different approach to the local donors.
4. At the next Board meeting, the committees and Foundation liaisons will be assigned to College Board members. Chair Flickinger can take into consideration those members who are interested in being involved in the Foundation at this time.
5. Group discussed student success funds and plans.
6. Group discussed the Promise program and opportunities for expansion.

VII. Review Budget Transfers for 2015 Bond Projects

- A. Teri provided an overview of the 2015 Bond Program report as of April 30, 2021. She asked the Board members present to review the column of proposed changes. There were no issues with the proposed budget adjustments, and these will be reflected in the construction report moving forward.
- B. Teri reviewed the current deferred maintenance projects update.

VIII. Review Summary of Engineer's Preliminary Report on Ice Storm Damage

- A. Teri provided an overview of the February 2021 freeze damage investigations. This presentation included information on nature of damage, update on the South Science & Health building, and report on causes by building.

IX. Update on College's Safety Protocols

Teri provided an overview of facilities services safety enhancements. This presentation included information on improvement areas, procedures, training, expectations, personal protective equipment, and controls and systems.

X. Review of College's Outsourced Functions and Opportunities

Brenda provided an overview of outsourced functions and opportunities. This presentation included methods to accomplish goals of the College, key indicators of good and poor outsourcing opportunities, current outsourced large-scale operations, and opportunities to consider.

- No additional actions or follow-up were required.

XI. Review Board Calendar

- A. Brenda reviewed the Board calendar of upcoming events.

XII. Complete Conflict of Interest Forms

- A. Board members present were allowed an opportunity to complete their annual conflict of interest forms. Those not present will complete at a later date.

XIII. Wrap-up with Summary for Follow-up

- A. No additional items were reviewed.
 - B. Marie asked if the Board could send a thank you letter to the recent donor. Brenda said she will look into this.
- XIV. Adjournment
- A. Chair Marie Flickinger adjourned the meeting at 1:01 p.m.