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TEXAS HIGHER EDUCATION COORDINATING BOARD

A G E N D A

Special Called Board Meeting

**1200 EAST ANDERSON LANE, ROOM 1.170
AUSTIN, TEXAS**

**10:00 A.M. (or upon adjournment of the Committee on Affordability, Accountability and Planning, whichever occurs later)
Wednesday, September 27, 2017**

The Texas Higher Education Coordinating Board may convene in Executive Session at any point in this meeting, concerning any item listed in the agenda or to seek or to receive its attorney's advice on legal matters related thereto, pursuant to Texas Government Code Ann. 551.071.

PUBLIC TESTIMONY: The presiding chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the Board after staff has presented the item, or any other time as determined by the presiding chair. For procedures on testifying please go to http://www.theccb.state.tx.us/public_testimony.

- I. Call to Order: Opening Remarks
- II. Executive Session - Pursuant to Texas Government Code Section 551.074, the Board will meet in closed session to discuss the performance evaluation of the Commissioner
- III. Consideration of increasing the Commissioner's annual salary from \$205,160 to \$212,135 in accordance with the 2018-19 General Appropriations Act (Section 3, P. III-49)
- IV. Discussion and consideration of Weatherford College's request for reconsideration of the Board's acceptance of the college's offer to repay formula funding as a result of an audit finding relating to continuing education hours reported in error
- V. Adjournment

Special Called Board Meeting

AGENDA ITEM I

Opening Remarks

Mr. Bobby Jenkins, Chairman of the Board, will call the meeting to order and provide opening remarks.

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AGENDA ITEM II

Executive Session -- Pursuant to Texas Government Code Section 551.074, the Board will meet in closed session to discuss the performance evaluation of the Commissioner

RECOMMENDATION: No action required

Background Information:

The Board will discuss the annual performance evaluation of the Commissioner.

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AGENDA ITEM III

Consideration of increasing the Commissioner's annual salary from \$205,160 to \$212,135 in accordance with the 2018-19 General Appropriations Act (Section 3, P. III-49)

RECOMMENDATION: Dependent on the results of the Board's annual performance evaluation of the Commissioner

Background Information:

The General Appropriations Act (GAA), SB 1, Article III (Section 3, Page 49), 85th Texas Legislature, Regular Session, authorizes the annual salary of the Commissioner of Higher Education at a rate not to exceed \$212,135 in FY18 and \$212,135 in FY19. The Commissioner's salary is currently at an annual rate of \$205,160. Authorizing the Commissioner's salary to align with the rate authorized by the General Appropriations Act for 2018-19 represents a \$6,975 (or 3.4%) annual increase. In accordance with the GAA, Article IX (Section 3.04(d)(4), Pages 20-21), an increase in the Commissioner's salary requires Board approval in a public meeting. This agenda item is contingent on the outcome of the Commissioner's performance evaluation under Agenda Item II which will be discussed in Executive Session.

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AGENDA ITEM IV

Discussion and consideration of Weatherford College's request for reconsideration of the Board's acceptance of the college's offer to repay formula funding as a result of an audit finding relating to continuing education hours reported in error

RECOMMENDATION:

Background Information:

Texas Higher Education Coordinating Board Compliance Monitoring staff issued a final report on *An Audit of Formula Funding at Weatherford College*, dated April 13, 2016. The audit concluded that Weatherford College had not complied with Coordinating Board rules and state law for enrollment data used for formula funding, in the area of continuing education contact hours. Weatherford College did not meet the "immediate employment" aspects of 19 TAC 9.1(5) for continuing education contact hours reported for students 17 years of age and under. Weatherford College also violated TEC 130.003 which requires tuition be charged and collected for continuing education contact hours reported for formula funding.

As a result of the non-compliance, Weatherford College received some \$1.4 million of formula funding for the 2016-2017 biennium that it was not eligible to receive. This error represented 9.3% of formula funds received and 64.3% of continuing education formula funds received by it for the biennium.

Weatherford College asserted in its management response that the college did not contest the THECB's interpretation of the regulations moving forward and offered to repay the full amount if it could do so over time so that the budgetary impact on Weatherford College would be reduced.

At the April 2016 Agency Operations Committee, the following motion was passed: "Adopt the report and accept Weatherford College's appropriate offer to repay the \$1.4 million of formula funding and allow them to do this over the duration of the remaining biennia and the next 2 subsequent biennia such that this would all be paid over the next 5 years." (Motion by Dr. Teuscher, seconded by Mr. Anwar.)

The final audit report and the letter from Weatherford College Interim President Brent Baker to Raymund Paredes dated September 1, 2017 requesting reconsideration of the Coordinating Board's decision are attached.

Mr. Paul Maeyaert, Auditor, will be available for questions.



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OFFICE OF THE PRESIDENT

September 1, 2017

Dr. Raymund Paredes
Texas Commissioner of Higher Education
P.O. Box 12788
Austin, TX 78711

RE: Request for Reconsideration of Formula Funding Withholding from Weatherford College

Dear Dr. Paredes,

Thank you for your service to the students of the great state of Texas.

By way of introduction, I was appointed interim president of Weatherford College June 8, 2017, following the resignation of our past president, and our Board of Trustees is currently in the process of selecting our next college president. One of my goals is to become better acquainted with you and the Texas Higher Education Coordinating Board.

Weatherford College recognizes and appreciates the important work of the THECB and your staff. This college and its trustees are committed to a strong and positive relationship with the THECB in our shared goal of enriching students' lives through education. The WC trustees, faculty, staff and administration are unified in our commitment to strengthen the relationships we have with our entire service area, which includes Hood, Jack, Palo Pinto, Parker and Wise counties.

As you know, based on an audit of WC's formula funding related to continuing education contact hours for the 2014 base period, WC lost \$1,436,856. Fortunately, \$287,376 of that amount has been restored to the Texas Treasury to date, leaving a balance of \$1,149,480.

As we have worked on our 2017-18 fiscal year budget, we have reviewed financial details past, present and future. We are taking the steps that are needed, in the spirit of what is in the best interest of our students, to deal with the \$1,149,480 that is still to be withheld from future funding, but this is a challenge.

It now appears that, as a result of this year's legislative session, House Bill 2994 clarifies the intent of HB 5. Therefore, Weatherford College hopes the THECB might consider restoring a portion of the remaining balance we owe.



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OFFICE OF THE PRESIDENT

The WC Board of Trustees and administration have worked hard to be fiscally responsible. The Board recently adopted a lower ad valorem tax rate for the 2017-18 fiscal year, one of the lowest community college tax rates in the state, and our tuition rates have remained flat for four consecutive years at levels well below the state average.

We hope that you and your board will discuss and consider either reducing or eliminating WC's remaining penalty obligation. Any assistance in this matter would help Weatherford College maintain a quality, affordable educational experience for our students as well as a responsible approach to local taxes.

Representative Phil King has shared with me your board's concern that WC did not avail itself of the opportunity to advocate to the THECB in person in this matter. As the new interim president, and after speaking with new Board Chairman Mac Smith and others, I approach you now in the spirit of cooperation, offering to advocate in any manner you see fit. We now ask for your help and your reconsideration because of our sincere desire to serve our community effectively, not from a sense of entitlement. Furthermore, we are very confident that our future actions will show clearly that we will work hard on our part to bring about a mutually beneficial relationship.

We know that our relationship with the THECB, going forward, must and will be one of mutual support and respect.

Thank you again for your consideration and for your service to higher education students across the Lone Star State.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent Baker", with a long, sweeping underline.

Brent Baker
Interim President

CC: Rep. Phil King