

**SPECIAL CALLED
BOARD OF REGENTS MEETING
Friday, October 10, 2008**

AGENDA

UNIVERSITY OF HOUSTON SYSTEM SPECIAL CALLED BOARD OF REGENTS MEETING

DATE: Friday, October 10, 2008

TIME: 9:30 a.m.

PLACE: University of Houston
Elizabeth D. Rockwell Pavilion
Second Floor
M.D. Anderson Library
Houston, Texas 77204

Chairman: Welcome W. Wilson, Sr.

Vice Chairman: Lynden B. Rose

Secretary: Jim P. Wise

(Note: For this meeting only the committees will meet as committees of the whole.)

I. Board of Regents Meeting

- A. Call to Order
- B. Open Forum
- C. Chancellor's Report
- D. Discussion regarding University of Houston/Scott Street Development – UH System BOR 1

Action: Information

II. Academic and Student Success Committee

Chair: Jim P. Wise

Members: Carroll R. Ray

Vice Chair: Mica Mosbacher

Tamara K. Goodwin

Welcome W. Wilson, Sr., Ex Officio

- A. Report from the Commission on Expanding Access to Higher Education – UH-Victoria A&SA 1

Action: Information

- B. UH-Victoria Downward Expansion – UH-Victoria A&SA 7

Action: Approval

C. Adjourn

III. Facilities, Construction and Master Planning Committee

Chair: Lynden B. Rose **Members:** Jim P Wise
Vice Chair: Carroll R. Ray Tamara K. Goodwin
Welcome W. Wilson, Sr., Ex Officio

- A. Approval for negotiation of a development and lease agreement with ownership of the campus building and underlying 40 acres upon conclusion of the lease – UH Clear Lake FC&MP 1

Action: Approval

B. Adjourn

IV. Finance and Administration Committee

Chair: Calvin W. Stephens **Members:** Dennis D. Golden
Vice Chair: Jacob Monty Mica Mosbacher
Welcome W. Wilson, Sr., Ex Officio

- A. Update on Campus Status – University of Houston F&A 1
 • Post Hurricane Ike
 • Financial Market Impact

Action: Information

B. Adjourn

V. Board Action and Approval of Items

VI. Executive Session

- A. Section 551.071 – Consultation with System Attorneys
- B. Section 551.072 – Deliberations Concerning Purchase, Lease of Value of Real Property
- C. Section 551.073 – Deliberations about Negotiated Contracts for Prospective Gifts or Donations
- D. Section 551.074 – Personnel Matters, Including Appointment, Evaluation or Dismissal of Personnel
- E. Report and Action from Executive Session
- F. Chair's Report
- G. Adjourn



**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

BOARD

AGENDA ITEM(S)

for

October 10, 2008

**SPECIAL CALLED
BOARD OF REGENTS MEETING**



**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Board

ITEM: Discussion regarding University of Houston/Scott Street Development

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

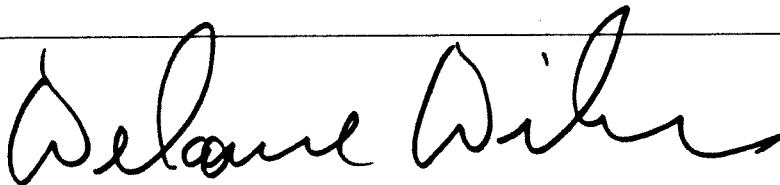
The Board to hear discussions regarding the landscaping of Scott Street.

FISCAL NOTE:

**SUPPORTING
DOCUMENTATION:**

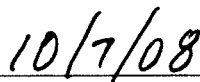
ACTION REQUESTED: Information

COMPONENT: UH System



CHAIRMAN

Welcome W. Wilson, Sr.


DATE



**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

**ACADEMIC & STUDENT SUCCESS
COMMITTEE**

AGENDA ITEM(S)

for

October 10, 2008

**SPECIAL CALLED
BOARD OF REGENTS MEETING**



UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Academic and Student Success

ITEM: Report from Commission on Expanding Access to Higher Education

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Commission on Expanding Access to Higher Education was created to explore ways in which Victoria education institutions could enhance student access and success in higher education, in accordance with the goals identified in the state's plan for higher education, "Closing the Gaps." Central to the commission's work was examining whether UH-Victoria should be transformed into a four-year university through downward expansion.

Co-chaired by the President of the Victoria College Board of Trustees and Chairman of the UH System Board of Regents, the 17-member Commission included the UH-Victoria and Victoria College presidents, the superintendent of Victoria ISD, and numerous community leaders. Over the course of September 2008, the Commission met four times, the result of which was a report that includes three recommendations for consideration by the Victoria College and UH System governing boards – including downward expansion at UH-Victoria – and one recommendation for the Victoria community.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Report from Commission on Expanding Access to Higher Education

ACTION REQUESTED: Information

COMPONENT: UH-Victoria

PRESIDENT

Tim Hudson

Tim Hudson

10/7/08
DATE

CHANCELLOR

Renu Khator

Renu Khator

10/7/08
DATE

Commission on Expanding Access to Higher Education

Report to the UH System Board of Regents and Victoria College Board of Trustees

September 30, 2008

Background

In the *Closing the Gaps* plan for higher education, the State of Texas has recognized that a college education is essential to the future of the state and has established goals for increasing the number of students who attend and graduate from college. Currently, the Victoria region trails the rest of the state in terms of the number of people going to college and earning a degree:

- 14% of the regional population holds a bachelor's or graduate degree, compared to 23% statewide (2000 U.S. Census).
- Among Hispanics, the fastest growing segment of the population, 4% of the regional population holds a bachelor's or graduate degree, compared to 9% statewide (2000 U.S. Census).

Increasing college participation and graduation depends upon a strong partnership among Victoria College, UH-Victoria, regional school districts and the community to strengthen the PK-16 pipeline. The challenge they face is significant. In 2007, 1,887 students graduated from the 16 high schools in the eight-county Victoria College service region. Of these students, only 51% (970) enrolled in a Texas college or university the following fall (391 at Victoria College). On average, UH-Victoria receives approximately 120 transfers from Victoria College per year.

Ultimately, the PK-16 pipeline must be strong and serve the workforce needs of the region and state if they are to be economically competitive. In the Victoria community there has been a groundswell of enthusiasm for addressing these issues, brought about through discussions of creating a four-year university in the region. In light of this enthusiasm, the Commission on Expanding Access to Higher Education was created to explore ways in which Victoria College and UH-Victoria can build upon their 35-year partnership in order to increase student enrollment and graduation at their institutions, including transforming UHV into a four-year university through downward expansion.

The Commission and its Work

The Commission on Expanding Access to Higher Education was co-chaired by the President of the Victoria College Board of Trustees and the Chair of the UH System Board of Regents. Its 17 members included the Victoria College and UH-Victoria presidents, the Superintendent of the Victoria Independent School District, and numerous community leaders from the region (a complete roster is included with this report). Over the course of September 2008, the commissioners met four times. During these meetings, they examined how Victoria College, UH-Victoria, and Victoria ISD programs were

addressing state and regional goals to strengthen the PK-16 pipeline and thereby expand access to higher education and enhance student success. These discussions led to consideration of future steps these institutions should take to meet these goals, including downward expansion at UH-Victoria.

In addition to its own counsel, the Commission received input on the state's higher education goals from Dr. David Gardner, Deputy Commissioner for Academic Planning and Policy at the Texas Higher Education Coordinating Board. The Victoria community also shared its views at a public forum during the Commission's second meeting. Approximately 400 persons attended the forum and 50 persons spoke, primarily expressing their views on the topic of downward expansion at UH-Victoria. Additionally, over 30 pages of public input was received through the Commission's web site. Finally, State Representative Geanie Morrison attended the second meeting and public forum to observe the Commission's work and hear the views of her constituents.

Points of Consensus

Based on the presentations and discussions that took place at its meetings, the Commission on Expanding Access to Higher Education arrived at the following six points of consensus:

Point of Consensus 1

The Victoria Independent School District, Victoria College, and UH-Victoria must work together to increase the number of local high school students who attend higher education institutions in the region.

The Victoria region must strengthen the PK-16 pipeline, so that more students graduate from high school, pursue a college education, and build upon the highly educated workforce Victoria will need for sustained economic success.

Point of Consensus 2

Downward expansion at UH-Victoria is a key component to expanding access to higher education and enhancing student success.

Doing so will provide an additional point of entry to students in the region, as well as enable UHV, through an aggressive recruitment and scholarship program, to attract students from other parts of Texas (and help accomplish the statewide goal of increasing the number of students going to college).

Point of Consensus 3

For downward expansion at UH-Victoria to succeed in the near future, recruitment of students from outside the region is necessary.

In so doing, UHV will target students from across the state. Special attention will be paid to students in the Austin, Houston, and San Antonio metropolitan areas (which are two hours from Victoria), as well as students historically underrepresented in higher education, including Hispanics and students from schools with low rates of college recruitment and participation.

Point of Consensus 4

If downward expansion is approved, UH-Victoria will continue to be located on the same campus until enrollment growth generates the need for a separate campus.

UHV has developed a low-risk business plan that seeks to enroll 190 new students during the first year of downward expansion, with a cumulative total of 557 new students by year five. A scholarship program will be put in place to help UHV meet its enrollment goals. In addition, state funding will be requested for start-up expenses associated with downward expansion. If state funding is not available, UHV's reasonable, incremental approach, while no guarantee of success, should enable the university to accomplish the plan with existing resources (though not without challenges). It is important to note that the UH System, as an entity, does not possess resources to allocate to its universities' academic initiatives (e.g., downward expansion).

Point of Consensus 5

Downward expansion at UH-Victoria must be accomplished in such a way as to not have a material adverse effect on Victoria College.

The delivery of freshman and sophomore level courses at UHV has the potential to place it in competition with Victoria College and result in unnecessary course duplications. Both institutions agree, however, that downward expansion should be able to take place in a way that expands the pool of students for both UHV and VC, while at the same time increasing the educational opportunities available to students and limiting course duplications to an acceptable level.

Point of Consensus 6

The Victoria community must be an active partner in strengthening the PK-16 pipeline and implementing downward expansion at UHV.

The Victoria community has demonstrated enthusiastic support for improving the region's higher education infrastructure. Given limited state resources, it is incumbent upon the community, which will benefit greatly from a more highly educated populace and stronger university presence, to provide philanthropic support for educational activities in the region.

Recommendations

To fulfill these points of consensus, the Commission on Expanding Access to Higher Education makes the following specific recommendations to the UH System Board of Regents, Victoria College Board of Trustees, Victoria ISD Board, and the Victoria community, in general:

1. Authorize UH-Victoria to seek enabling legislation to achieve downward expansion.
2. Create the Victoria Education Council. Comprised of the Victoria College president, UH-Victoria president, Victoria ISD superintendent, and community representatives, the Council should develop and coordinate collaborative approaches to strengthening the PK-16 pipeline, including early college/dual enrollment programs, workforce training programs, and joint degree programs. The Victoria Education Council should report to the three governing boards at least once per year.
3. Develop a memorandum of understanding between UH-Victoria and Victoria College that outlines the partnership among the two institutions in the event of downward expansion. (A framework for this MOU, developed by the UHV and VC presidents, has been included with this report).

In addition, the Commission offers a fourth recommendation to the Victoria Community:

4. Make a five-year commitment to raising resources for scholarships needed to attract freshmen and sophomores to UH-Victoria who reside outside the region. The community's goal for the first year of downward expansion (beginning fall 2010), is \$250,000. This amount will increase in the subsequent four years in order to cover both new and continuing students. The UH-Victoria president will advise community leaders on the scholarships needed in years 2-5.

COMMISSION MEMBERS

Mr. Welcome Wilson
Chairman of the UH System Board of Regents

Mr. Ron Walker
President, Board of Trustees of The Victoria College

Dr. Thomas Butler
President, The Victoria College

Dr. Tim Hudson
President, University of Houston-Victoria

Ms. Janey Lack
Vice President, Advertising and Marketing Lacks Stores, Inc.

Ms. Mary Elizabeth Jimenez
Licensed Court Interpreter

Mr. Bland Proctor
Attorney, O'Connor-Braman Interests

Mr. Eric Murphy
Member, University of Houston-Victoria President's Regional Advisory Board

Mr. Dennis Patillo
President, Stewart Title of the Coastal Bend

Ms. Jan Jacob
Educational Consultant

Mr. David McLarry
Community Banking President, Wells Fargo

Mr. Bob Moore
Superintendent, Victoria Independent School District (VISD)

Mr. Bill Blanchard
Chief Executive Officer, DeTar Health Care System

Mr. Michael Hummel
Faculty Senate President, The Victoria College

Dr. Dan Jaeckle
Faculty Senate President, University of Houston-Victoria

Mr. Jeff Bauknight
President, Crossroads Mechanical, Inc.

Mr. Jeff Lyons
Vice President/General Manager, Gap Broadcasting-Victoria

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Academic and Student Success

ITEM: UH-Victoria Downward Expansion

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The UH System Board of Regents approves the resolution addressing downward expansion at UH-Victoria.

FISCAL NOTE: See page 8 of "UHV Downward Expansion Profit and Loss Narrative" in Supporting Documentation

SUPPORTING DOCUMENTATION: Resolution: UH-Victoria Downward Expansion
UHV Downward Expansion Plan Summary
UHV Downward Expansion Profit and Loss Narrative

ACTION REQUESTED: Approval

COMPONENT: UH-Victoria

PRESIDENT

Tim Hudson

Tim Hudson

10/7/08
DATE

CHANCELLOR

Renu Khator

Renu Khator

10/7/08
DATE

**RESOLUTION
UH-VICTORIA DOWNWARD EXPANSION**

The University of Houston System Board of Regents authorizes UH-Victoria to seek enabling legislation during the 81st Texas Legislature to offer freshman and sophomore courses, with the following contingencies and requirements:

1. Downward expansion will take place on the existing UH-Victoria campus, until enrollment growth justifies the need for expansion of current facilities. UHV anticipates enrolling a cumulative total of 557 new students by year five of downward expansion. This level of growth can be accommodated in existing facilities.
2. UHV has sufficient cash reserves to cover forecast funding deficits if state resources are not appropriated for this purpose during the 2009 legislative session. The UH System, as an entity, will not allocate resources to support downward expansion.
3. The delivery of freshman and sophomore level instruction at UHV will take place in partnership with Victoria College. To that end, a memorandum of understanding between the two institutions is being developed and must be approved by the UH System Board of Regents before implementation of downward expansion begins.
4. The recruitment of students to UH-Victoria from the Houston region will be consistent with the enrollment management plan for the UH System.
5. The Victoria community is committed to the success of UHV downward expansion. To that end, the community has pledged to raise scholarship funds for five years: \$250,000 for the first year of downward expansion (\$190,000 has been raised to date), with increasing amounts in the subsequent four years to cover the costs of new and continuing students.
6. As it moves forward with downward expansion, UH-Victoria will comply with the requirements of all relevant accrediting agencies, including the Southern Association of Colleges and Schools (SACS) and the Texas Higher Education Coordinating Board.
7. Progress at UH-Victoria will be reviewed by the UH System Board of Regents after three years to ensure that downward expansion is being implemented as proposed and that accountability expectations are being met.

UHV Downward Expansion Plan Summary

Introduction

The University of Houston-Victoria was created at a time (1973) when **upper division universities** were established to provide access to bachelor's and master's degrees by offering junior, senior and graduate level courses. These upper level institutions, by design, were commuter schools with undergraduate enrollment limited to transfer students from the area community colleges (which are structured and funded to service a limited area).

While the upper level model was a good starting point, eventually it was **uniformly abandoned** (through a process called "downward expansion" – or the lifting of restrictions for the admission of freshman and sophomore students) as it became clear that it did not allow the university to reach its full potential in terms of numbers of students, mix of those students, richness of learning environment, control of programs, national rankings and comparisons and, efficient use of faculty and facilities. **Only four upper division universities remain in the nation**, UHV and UHCL being two of them.

The following list identifies the former upper level universities in Texas, along with the approximate dates when they added lower division courses:

- Texas A&M International in Laredo (1995)
- Texas A&M- Corpus Christi (1994)
- Texas A&M- Texarkana (received enabling legislation 2003 – in process of adding lower division)
- University Texas at Brownsville (1991)
- University of Texas at Dallas (1990)
- University of Texas- Permian Basin (1991)
- University of Texas-Tyler (1997)¹

¹ Sources: Richard W. Sames, *The Upper Level Universities and the Community Colleges*, 1974. *Liberal Education* 60, 3, 348-358, October 74.

Don W. Brown, (May 8, 2003). Letter from Don W. Brown, Commissioner of Higher Education to John Keel, Director of the

Legislature Budget Board. Retrieved from Texas Higher Education Coordinating Board (THECB). Respective university websites.

Melissa Markowitz, – American Association of State Colleges & Universities (AASCU) Research Department.

Benefits of Downward Expansion

Adding the lower division (freshmen and sophomore) courses enabled these institutions to become residential or destination universities rather than commuter institutions. UHV studies indicate that this change would be a positive one for the university, the community college, the community and the state.

UHV - Downward expansion will provide a richer learning environment for students as recruitment draws students from other regions of the state to Victoria; more face to face courses offered in Victoria; better evaluation and control of programs; better economies of scale; improved student life.

The Victoria College (VC) – VC, as all community colleges, are structured and funded to serve a limited service area. VC's service area includes Victoria County and all or part of eight surrounding counties. Recruitment from another community college's service area is discouraged and not in keeping with the community college purpose. VC has experienced a static enrollment for the past 7 years, and with a decreasing number of high school students in Victoria ISD and little growth in the surrounding counties even the best recruitment will not yield a great increase in numbers. UHV, with downward expansion, can recruit freshmen from the three rapidly growing urban areas, bringing them to Victoria. Working together, the university and the college can offer the complete lower division core courses to these students. For the first five years following expansion, these students will take all lower division courses with VC that fall outside the departments UHV currently has (e.g. political science, art, music, sociology, sciences other than biology, all developmental courses). This will provide growth for the Victoria College. Also, it is very common for university students to take some of their course work at a nearby community college because of the lower cost. (VC's out of district tuition is about 1/3 of UHV's tuition.)

The UH System - Adding a destination university in a non-urban setting will provide greater options for students within the UH System. Currently, the Houston metropolitan area provides a steady stream of students to universities in smaller communities and in other systems. The UH System could attract like-minded students by having a similar option in Victoria. Additionally, expanding UHV to four year will provide greater access and choice in the Coastal Bend and South Texas regions.

The Community – The City of Victoria will benefit from a downward expansion in several ways. The economic benefits are well documented.² Students coming into the community will be consumers, as will family members who visit them for various events. Students supply a ready source of part-time employees for retail and service businesses, which Victoria badly needs. A four-year university attracts professionals to a community to teach and work, many of whom have professional spouses to fill positions in the community. A university attracts professionals to a community because of the social and cultural activities surrounding it, along with the opportunity for advanced degrees. Universities attract corporations who have employees with needs to further their education and who need university partners for research and expertise. The sporting and academic events connected with a university help make the community known throughout the state and nation.

²Mayor: Voters Decide, *Corpus Christi Caller Times*, by David Kassabian, January 13, 2007.

Barton Smith, Institute for Regional Forecasting, University of Houston, *The Prepared Mind: The Economic Impact of UHV on Greater Victoria*, September 2006.

Ann Lessem, Ph.D., Melissa Tackett-Gibson, Ph.D., and Michael Voloudakis, The Public Policy Research Institute, Texas A & M University, *Gateway to the Future: Texas A&M University-Texarkana*, June 2004.

The Perryman Group, *The University of Texas at Tyler: Enhancing the Economy and Quality of Life of the East Texas Region*, 2005.

³Texas Higher Education Coordinating Board (THECB), *Closing the Gaps by 2015: 2006 Progress Report*, p. 4-5.

The state – As part of its Closing the Gap initiative, the state of Texas has set the lofty goal of adding 630,000 additional students to the higher education rolls by 2015.³ If the state is successful, it will need to have a place for all these students. Although community colleges have been identified as being a main resource for serving these students, the community colleges will not alone be the answer. There are five rapidly growing areas in Texas, three of them within a 2-hour drive of Victoria. This distance has been documented as a “right distance” for college freshman. The state already has a university, UHV, ideally located to the increasing number of high school graduates in these urban areas (probably one of the best located universities in the state, equidistant from the Houston, Austin, San Antonio metropolitan areas. By permitting UHV to enroll freshmen and sophomores, the state increases capacity to serve these students and gives more choice to the state and the region.

The Business Plan

This plan has been created to bring about growth at both The Victoria College and the University of Houston-Victoria.

Business Plan Assumptions

The business model is based on enrollment of 150 freshmen and 40 sophomores annually for the first five years (2010 – 2015). These numbers were chosen after studying the downward expansion data from UT-Tyler and Texas A&M - Corpus Christi. Although both of these institutions have elements of downward expansion that UHV wants to emulate, UT Tyler started out with approximately the same numbers that UHV is using, with both Tyler Junior College and the university having very positive results. Another reason for choosing these modest numbers is that it allows for efficient and effective expansion, starting in UHV’s existing facilities and contracting for housing at apartment complexes across the street from the campus.

The plan is based on the following assumptions.

- Enrollment will increase by 3% in 2nd year; 5% in 3rd year; 7% in 4th year; and 9% in 5th year based on retention rates of 65% for freshmen to sophomores; 75% for sophomores to juniors; and 85% for juniors to seniors.
- UHV will focus recruitment efforts in the large metropolitan areas of San Antonio, Houston and Austin, following the marketing plan included in the current proposal. This plan does not exclude regional students who want to attend a residential college from staying in the region and attending UHV.
- UHV will create additional partnerships with VC to teach all developmental courses and lower division courses that fall into disciplines that UHV does not have at the time of expansion. It is estimated that 30% of the freshmen and sophomore courses will be taken at VC. This will allow UHV to focus on developing the lower division curriculum for those programs it already has, while also bringing students to VC. Lower division courses taken at VC will include music, art, theater, physics, chemistry, sociology, political science, sciences other than biology and computer. UHV and VC will create several niche joint degree programs in high demand fields (e.g. kinesiology, athletic training and broadcast communication).
- UHV will utilize existing facilities until growth calls for new buildings. Currently, facilities at the university are in excellent condition and will accommodate the proposed increases for day classes through the third year of downward expansion. As student enrollment, staffing, and faculty needs increase, UHV will need to construct additional parking facilities and an additional 60,000 square foot classroom/office facility by 2013.

- Facilities such as the library, bookstore and student center will still be shared with VC.
- Freshmen will live in university sponsored housing at Casa Rio apartments across Ben Wilson Street from UHV.

Expenses/Profit and Loss

UHV will plan to expend one million dollars over the first two years. This amount will cover the additional faculty, marketing and recruitment expenses for this period. During this transition time, the University will not be receiving any normal state appropriated formula tuition, due to the two year cycle formula the state uses to allocate funds to institutions based on enrollment. In the fourth year of the expansion (2014), the return on investment is projected to become positive, as allocations for additional enrollment will exceed expenses. (See accompanying Profit and Loss Narrative for details.)

Academic Plan

The academic plan during the first five years of downward expansion includes:

- expanding on the existing synergies with VC through facilities sharing and partnering for lower division courses that fall outside UHV's current program offerings;
- building joint degree programs in high demand niche fields; and,
- adding the courses needed for the lower division in the degree programs UHV offers at the time of expansion. Existing faculty will teach some of the lower level courses, with new faculty hired as necessary. A total of twelve faculty members and six support staff are included in the plan.

School of Arts and Sciences

The School of Arts and Sciences (SoAS) will add more courses and faculty than the other schools because there are more lower division courses in the disciplines included under their rubric. SoAS will add 16 lower division courses in the humanities, math and biology disciplines. Over the five-year period, six tenure track and three non-tenure track faculty will be added. Two tenure track faculty will be added in year one, another in year two, two in year four and one in year five. Two non-tenure track faculty will be added in year one, and one in year five. Three support positions will be needed: assessment specialist, recruiter/secretary, and advisor.

School of Business Administration

The School of Business Administration will add two tenure track faculty, the first in year one, and the second in year five. One full-time advising specialist will be added.

School of Education and Human Development

The School of Education and Human Development will add one tenure track faculty in year three. One recruiter and one certification analyst are the support staff which will be needed.

Student Services and Administration

UHV is committed to providing the necessary student and administrative personnel to support all students. Over the five-year transition period, it is estimated that 23 staff members will be needed in the Office of Financial Aid, Bursar's Office, Office of Student Services and Information Resources.

Marketing Plan

UHV will focus its recruitment of freshmen and sophomores on the three large metropolitan areas of San Antonio, Austin and Houston. These three regions are included in the five regions of Texas that are projected to have the largest increases in the 15-34 age group, as well as the greatest increases in total population.⁴ UHV is located approximately 120 miles from each of these areas. The 2007 National Survey of Student Engagement indicates that 66% of college students attend college less than 200 miles from home, making UHV a “right distance” from these highly populated areas to attract students.⁵

Based on an independent study⁶ a conservative three-year projection shows that 21,638 parents would very seriously consider sending their 10th through 12th grade students to a 4-year institution in Victoria. Recruitment of only 5% of these students would reach the recruitment goals set out in this plan.

The primary appeal for UHV cited by parents in this independent study was location, affordability, and safe small community and campus, with this last trait ranking most important. These characteristics will be emphasized through a number of marketing strategies detailed in the market analysis. They include:

- target marketing to prospective high school juniors and seniors and their parents in the Houston, San Antonio and Austin markets whose household income is between \$35,000 and \$95,000;
- adding six recruitment staff, two in each target market;
- using current Letting Education Achieve Dreams (LEAD) staff to focus on recruiting underrepresented groups, especially Hispanic students;
- highlighting the three aforementioned characteristics parents cited as appealing;
- marketing directed to high school counselors in these three markets;
- leveraging scholarship funds to enhance financial aid packages;
- making prospective students aware of UHV’s student support services including degree plan counselors; Academic Center for subject area assistance, Student Solutions team and Career Services.

Conclusion

With approval from the UHS Chancellor and Board of Regents, and approval from the legislature to add freshmen and sophomores, UHV will create a working committee with VC and community representation to further develop this plan and implement it in such a way to benefit all educational institutions in the area and the quality of life in the Coastal Bend Region.

⁴ Texas Higher Education Coordinating Board (THECB), “Regional Plan for Texas Higher Education” Report dated October 9, 2006.

⁵ National Survey of Student Engagement, “Experiences That Matter: Enhancing Student Learning and Success,” Annual Report 2007.

⁶ “Survey of Parental Criteria in the Selection of a University and Interest in the University of Houston-Victoria” conducted by Empirical Research Solutions, Inc. of San Antonio, TX, April 2008.

Excerpt from Plan for UHV Downward Expansion Destination University
Profit and Loss Narrative

Introduction

The model developed by the University for its natural evolution from a two year upper level institution to a four-year university, after 35 years of service to the region, is based on the following assumptions:

- The first freshmen and sophomores begin enrolling for the Fall 2010 semester (*FY 2011-Fall 2010, Spring 2011, Summer 2011*)
- The University utilizes existing classroom facilities
- Utilize Victoria College to handle some smaller classes by combining with their existing classes – i.e. art, music, theater, physics, chemistry
- Victoria College handles all developmental classes
- Continue sharing the Library and bookstore with Victoria College
- 150 new freshmen and 40 sophomores are enrolled the first year (Fall 2011)
- Enrollment increases by 3% in 2nd year; 5% in 3rd year; 7% in 4th year; 9% in 5th year
- Each student generates an average of 30 SCHs per year
- Retention rates average 65% for freshmen, 75% for sophomores, 85% for juniors, (*consistent with state averages published by the Coordinating Board*)
- New freshmen and sophomore students will primarily use facilities during the day for face-to-face delivery
- Current non-traditional students will continue pattern of using facilities mainly at night
- No additional faculty are anticipated to be needed for additional juniors and seniors
- 70% of courses will be taught by faculty (tenure/non-tenure track) and 30% by adjuncts
- Tenure track faculty course loads will be 8 courses (24 sch) per combined Fall/Spring semesters while the non-tenure track course load will be 10 courses (30 sch)
- Formula funding rates for all years based on FY2008-09 rates
- Salary projections for all years based on current rates

As with any new startup program, for the first two years of the expansion, the University will not be receiving any normal formula based state funding. If this model is approved, the University may request some measure of start-up funding from the State Legislature during the next session. Start-up funding would help to cover expenditures associated with the transition. Regardless, the University plan is to utilize its existing resources, facilities and human capital to the fullest extent possible until capacity at the present site is reached.

As would be expected, there will be a negative return on this investment for several years due to employment of new staff and faculty, awarding of more institutional scholarships as well as recruiting and marketing costs. However, in the fourth year of the expansion, by FY2014, the return on investment is projected to become positive.

For the first three years of the expansion, existing classroom facilities, primarily present excess day capacity, will accommodate new students needs. Existing facilities are in excellent condition and can handle the modest student increases projected *for a time*. Freshmen enrollments are conservatively estimated for the inaugural semester (*Fall 2011*) at 150 students, using the Texas A&M Corpus Christi and UT Tyler expansion numbers as a guide. Thereafter, new enrollment growth at UHV over the next four years is expected to average about 6% annually, gaining momentum as word of a new four year university in the Victoria area gets out and marketing and recruiting efforts are rewarded.

As student enrollment, staffing and faculty needs increase, additional parking and a space deficit in classrooms and office space will occur by the fall semester, 2013. The physical size of the existing campus, less than 20 acres, places a severe handicap on future growth at the present site and effectively precludes any residential housing development on-site. Projections indicate that by the beginning of the 4th year of the expansion, as early as the Fall of 2015, there will not be enough space at the present site, including UHV and VC, for any additional students.

This model does not address the physical location of new students after the 3rd year. The Victoria College, with its own initiatives and current capacity already at 62% to 82%, depending upon day of week and time of the day, can be expected to handle some smaller classes for the University, but realistically, not more than that. One should reasonably assume that before site capacity is reached, sometime during FY2014, UHV will have already taken measures to resolve the space issue so as to accommodate the inflow of new students.

Enrollment

Initial Enrollment

Starting in fiscal year 2011 The University of Houston Victoria expects to enroll 150 full time college freshmen and 40 full time sophomores. This enrollment projection is conservative based on enrollments at Texas A&M - Corpus Christi and UT-Tyler when both began to admit freshmen.

		YEAR	YEAR	YEAR	YEAR	YEAR
		1	2	3	4	5
Texas A&M-Corpus Christi (1994)	Freshmen	656	798	1093	926	1000
UT-Tyler (1998)	Freshmen	104	245	365	478	673
Average for the universities above		380	522	729	702	837
UHV Business Plan Projections	Freshmen	150	155	162	174	189

The annual expected increases are 3% in FY 2012, 5% in FY 2013, 7% in FY 2014 and 9% in FY 2015. The retention rates are expected to be consistent with state averages published by the Texas Higher Education Coordinating Board which are 65% for new freshmen, 75% for new and continuing sophomores, and 85% for juniors.

New freshmen are expected to impact the Schools of Arts & Sciences, Education and Human Development, and Business Administration. New enrollments are not expected to have an impact on the School of Nursing since nursing courses in the lower divisions are offered at The Victoria College. UHV has no intentions of competing for students in this area. The School of Nursing will remain focused on educating students to receive bachelors and masters degrees in nursing while The Victoria College continues to educate students to be certified as RN's, LVN's and CNA's.

Forecasting

To assess the enrollment levels for the initial years of the expansion, a multivariable forecasting model was used to forecast the natural growth rate that UHV would experience without the expansion project. In order to distinguish the impact of the influx of new freshmen and sophomores from the expansion project, the revenues and expenses in the financial analysis are isolated from the natural growth that UHV is currently experiencing.

A portion of the staffing increases that are represented in the expenditures section of the financial summary sheet are necessitated by the natural growth that the university is currently experiencing; therefore, the levels of growth are difficult to isolate. As a result, small portions on the staffing costs are reduced in the latter three years of the expansion to reflect the current growth trend experienced by UHV. Staffing increase expenses are reduced by 5% in FY 2013, 10% in FY 2014, and 25% in FY 2015.

Retention Rates

The operating assumption for the number of hours that students will enroll is that each student will take a total of 30 hours each year. It is expected that freshmen and sophomores will take an average of 30% of the lower division hours at The Victoria College which is located on the same campus site as the University of Houston Victoria. UHV will continue to share resources with Victoria College such as the library and the Victoria College Bookstore.

During the initial start up of the downward expansion, UHV will utilize The Victoria College to handle small classes such as art, music, theater, and chemistry as well as any non-college credit developmental courses that are required for the development of a student's core curriculum. UHV and The Victoria College have a consortium agreement in place so that students attending both institutions will be able to be awarded financial aid through UHV for the hours they take concurrently.

Method of Instruction

During the first few years of the downward expansion freshman and sophomore courses will be taught in a face-to-face setting using existing classroom facilities at the University. Initially this will not cause any disruptions with current classroom utilization since many of the current students take courses at night whereas it is expected that freshmen and sophomores will be taking courses offered during the day. Many of UHV's current students take courses online but the online method of instruction will not initially be available for freshmen and sophomores since the newer courses have not yet been adapted for online instruction.

The University expects to keep its current mix of adjunct to full time faculty for the new courses being offered. 70% of the new sections will be taught by tenure track and non-tenure track faculty, while 30% will be taught by adjunct faculty. Tenure track faculty will teach 8 courses for the fall and spring semesters and may elect to teach summer courses. Non-tenure track faculty will teach a course load of 10 courses for the fall and spring semesters and may elect to teach summer courses as well.

Revenue

Formula Tuition

For the initial two years of downward expansion the university will not be receiving state appropriated formula tuition. This is due to the two year cycle formula that the state uses to allocate funds to institutions based on enrollment rates. As a result UHV will have to utilize existing resources or seek start up funding from the State Legislature to cover new initiatives, staff increases, and faculty additions to accommodate the influx of freshmen and sophomores for the first two years of expansion. The formula rates were held constant at fiscal year 2009 in order to calculate the projected allocations for the fiscal years that UHV will be eligible to receive formula tuition allocations from the state.

Statutory Plus Designated Tuition & Fees

Statutory and designated tuition for the incoming freshmen and sophomores were held at the Fiscal Year 2009 rates for purposes of calculation. The Statutory Tuition rate for FY 09 is \$50 and the Designated Tuition rate for FY 09 is \$87.

The Fiscal Year 2009 rates were also used for Student Service fees, Extended Access and Support Fees, and Library Use fees. The 2009 rates for the fees are as follows:

- Extended Access and Support Fee (EASF) - \$24 per Credit Hour
- Library Use Fee (LUF) - \$3 per Credit Hour
- Student Service Fee - \$28 per Credit Hour with a Max fee of \$150

Based on the fees and expected enrollments the revenues from the fees are as follows:

Assumption: All students take 12 hours in Fall & Spring, 6 in summer. Freshmen and Sophomores Take 30% at VC

	Headcount	Projected SCH Hrs @ UHV	EASF \$24	LUF \$3 SCH	Student Service Fee \$28/SCH \$150 max
Year 1	190	3,989	\$95,736	\$11,967	\$28,500
Year 2	324	7,074	\$169,776	\$21,222	\$48,600
Year 3	435	10,305	\$247,320	\$30,915	\$65,250
Year 4	521	12,705	\$304,920	\$38,115	\$78,150
Year 5	557	13,542	\$325,008	\$40,626	\$83,550

Period of Recognition

Revenues for tuition were split between semesters at 45% for fall, 45% for spring, 7% for Summer 1, and 3% for Summer 2 for the monthly profit and loss sheets to reflect enrollment trends.

Financial Aid Scholarships

UHV expects to raise additional funds to lower the cost for students to complete their course work. The University expects to raise \$50,000 in FY 2011, \$75,000 in FY 2012, \$100,000 in FY 2013, \$125,000 in FY 2014, and \$150,000 in FY 2015. The designated tuition of 15% will be set aside for financial aid.

Specific Trends in Revenues

Certain noticeable patterns in revenue are due to behaviors resulting from the expansion. The largest percentage increases in total revenue occur during the first three fiscal years as classes of new students are added. As each group of freshmen begin taking courses in the institution, a new level of revenue is generated as a result of the new incoming class and then levels off in year three when the initial freshmen reach junior status, and the initial sophomores reach senior status.

Revenue percentage spikes also occur as UHV becomes eligible for Formula Tuition allocations from the state which allocates funds for FY 2013 and FY 2014 for the enrollment levels for FY 2011. A further increase occurs in FY 2015 when the state allocation calculates funding from the enrollment level in FY 2013.

Expenditures*Faculty*

The number of tenure track faculty, non-tenure track faculty, and adjuncts teaching courses are directly related to the number of students enrolling in each semester. UHV plans to use existing faculty to teach some lower level courses and will add additional faculty as necessary to maintain the current ratio of instructor to students for each section offered. Based on the expected enrollments starting in FY 2011, the following additions of tenure track and non-tenure track faculty are as follows:

SCHOOL	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	TENURE TRACK	NON-TENURE TRACK	TENURE TRACK	NON-TENURE TRACK	TENURE TRACK	NON-TENURE TRACK	TENURE TRACK	NON-TENURE TRACK	TENURE TRACK	NON-TENURE TRACK
SCHOOL OF A&S	2	2	1	0	0	0	2	1	1	0
SCHOOL OF BUS. ADM.	1	0	0	0	0	0	0	0	1	0
SCHOOL OF ED. & HUM. DEV.	0	0	0	0	1	0	0	0	0	0

Staff

In order to handle the increased work load as the university enters into the education of new freshmen and sophomore students, additional staff will be necessary in the areas of Student Services, Enrollment Management, Information Technology, Financial Aid, Marketing, Business Services, Finance, and Administration. Additional support staff will also be needed for the School of Business Administration, School of Arts & Sciences and School of Education and Human Development for recruitment, advising, and degree plan management. Current salary rates for each position are used and are held constant for calculation purposes.

The largest increase in staff occurs in FY 2011 with the addition of 16 staff members. Six of the initial year staff additions are recruiters to be placed in key population areas to recruit students to UHV. Other staff additions for the initial set up include staff in Financial Aid, Bursars Office, Student Services, and Information Resources. These additions will be necessary to ease the transition of the new freshmen and sophomore students into the different financial, enrollment, and technological aspects of the University. A schedule of the additional staff increases are as follows:

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
# OF INCREASED STAFF	16	4	6	8	1

One Time Costs

A few one-time costs will be necessary to accommodate the increased amount of freshmen and sophomores. A computer lab will be needed to accommodate new students with an estimated cost of \$65,000 with 30% maintenance costs for subsequent years as well as an initial investment of \$20,000 for additional software with \$6,600 in set up costs. An additional vehicle estimated at \$15,000 will be required for an added security officer position in FY 2015.

Summary

UHV Projected Revenue and Expenses for Expanding to 4-Year Comprehensive University

Projected Head Count	190	324	435	521	557
Projected SCH	3,989	7,074	10,305	12,705	13,542

Revenue	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Formula Tuition	\$0	\$0	\$278,187	\$278,187	\$487,254
Statutory plus Designated Tuition	\$546,493	\$969,138	\$1,411,785	\$1,740,585	\$1,855,254
Extended Access & Support Fee	\$95,736	\$169,776	\$247,320	\$304,920	\$325,008
Library Use Fee	\$11,967	\$21,222	\$30,915	\$38,115	\$40,626
Student Service Fee	\$28,500	\$48,600	\$65,250	\$78,150	\$83,550
Financial Aid Scholarships	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000

Totals	\$732,696	\$1,283,736	\$2,133,457	\$2,564,957	\$2,941,692
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Expenditures

Full-Time Faculty	\$386,222	\$463,222	\$529,222	\$744,333	\$931,333
Adjunct Faculty	\$22,500	\$93,750	\$86,250	\$130,750	\$153,750
A&S Staff	\$57,300	\$57,300	\$85,300	\$85,300	\$85,300
BUS Staff	\$0	\$28,400	\$28,400	\$28,400	\$28,400
EDU Staff	\$0	\$24,500	\$56,500	\$56,500	\$56,500
Financial Aid Scholarships	\$100,000	\$150,000	\$200,000	\$225,000	\$250,000
Enrollment Management	\$31,428	\$31,428	\$140,336	\$187,736	\$187,736
Information Resources	\$21,153	\$27,303	\$130,361	\$103,527	\$88,410
Student Services	\$19,650	\$65,140	\$104,564	\$160,154	\$161,384
Marketing & Recruitment	\$581,190	\$619,050	\$589,952	\$560,747	\$612,069
Fringe Benefits	\$48,159	\$77,214	\$147,167	\$189,860	\$225,035
One Time Costs	\$20,500	\$10,500	\$76,500	\$38,950	\$39,450

Totals	\$1,288,102	\$1,647,807	\$2,174,552	\$2,511,257	\$2,819,367
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Surplus/(Shortage)	(\$555,406)	(\$364,071)	(\$41,095)	\$53,700	\$122,325
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Expenses Per Student	\$6,779	\$5,086	\$4,999	\$4,820	\$5,062
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**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

**AUDIT & COMPLIANCE
COMMITTEE**

NO ITEMS TO BE

PRESENTED ON

Friday, October 10, 2008





**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

**ENDOWMENT MANAGEMENT
COMMITTEE**

**NO ITEMS TO BE
PRESENTED ON**

Friday, October 10, 2008





**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

**FACILITIES, CONSTRUCTION &
MASTER PLANNING COMMITTEE**

AGENDA ITEM(S)

for

October 10, 2008

**SPECIAL CALLED
BOARD OF REGENTS MEETING**



UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Facilities, Construction and Master Planning

ITEM: Approval for negotiation of a development and lease agreement with ownership of the campus building and underlying 40 acres upon conclusion of the lease.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Board of Regents approval is requested for the delegation of authority to the Chancellor to negotiate a development agreement and 20 year lease for a minimum 22,616 square feet of a campus building from the City of Pearland with ownership to UH System upon conclusion of the lease. Supporting materials include estimated project totals and annual expenses. This project originally came to the Board in May 2007 but has since increased in scope and annual cost.

FISCAL NOTE: Estimated Annual Lease and Building Operation Cost will be based on 22,616 square feet for a 20 year period.

SUPPORTING DOCUMENTATION: Pearland Campus Lease

ACTION REQUESTED: Approval

COMPONENT: UH-Clear Lake

<u>William A. Staples</u> PRESIDENT	William A. Staples	<u>10/7/08</u>
<u>Carl Carlucci</u> EXECUTIVE VICE CHANCELLOR	Carl Carlucci	<u>10/7/08</u> DATE
<u>Renu Khator</u> CHANCELLOR	Renu Khator	<u>10/7/08</u> DATE

**PEARLAND CAMPUS LEASE
OCTOBER, 2008**

Board of Regents approval, May 2007

Estimated annual cost		\$807,639
Less estimated operating cost		<u>\$(228,674)</u>
Estimated annual debt payment		\$ 578,965
Proposed average annual debt payment		\$646,081
Difference -	Amount	\$67,116
	Percentage	11.6%
Impact over 20 year lease		\$1,342,320

Factors influencing proposal:

- **Opportunity to increase space by 13% (2,616 GSF)**
- **Favorable bond rate will hold cost impact to 11.6%**
- **Project cost per gross square foot increased 7.6%**
- **Bond interest rate 5.25%**
- **Operating cost will fluctuate based on annual usage; therefore it is not included in impact calculation.**



**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS**

**FINANCE & ADMINISTRATION
COMMITTEE**

AGENDA ITEM(S)

for

October 10, 2008

**SPECIAL CALLED
BOARD OF REGENTS MEETING**



UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Update on Campus Status
• Post Hurricane Ike
• Financial Market Impact

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Executive Vice Chancellor/Executive Vice President for Administration and Finance, Dr. Carl Carlucci will give the Board a brief campus status update on the following:

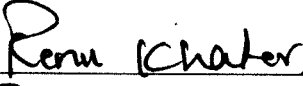

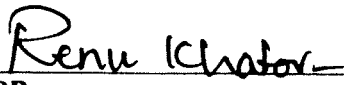
- Post Hurricane Ike
- Financial Market Impact

FISCAL NOTE:

SUPPORTING
DOCUMENTATION:

ACTION REQUESTED: Information

COMPONENT: University of Houston

PRESIDENT	 Renu Khator	10/7/08 DATE
EXECUTIVE VICE CHANCELLOR	 Carl Carlucci	10/7/08 DATE
CHANCELLOR	 Renu Khator	10/7/08 DATE