

MINUTES
UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS
FINANCE AND ADMINISTRATION COMMITTEE

February 10, 2010

The Chair of the Committee, Jim P. Wise, convened the meeting of the Finance and Administration Committee of the University of Houston System Board of Regents in the Melcher Board Room 100B, Athletics/Alumni Center, University of Houston, 3100 Cullen Blvd, Houston, Texas, at 8:36 a.m. on Wednesday, February 10, 2010. The following committee members were present: Jim P. Wise, Chair; Carroll Robertson Ray, Vice Chair; Nandita V. Berry; Welcome W. Wilson, Sr., Ex Officio. Regent Jarvis V. Hollingsworth attended the meeting as a non-member of the committee.

Regent Wise called the meeting to order and asked Dr. Carlucci, Executive Vice Chancellor, Administration and Finance, to give a status on the report concerning the budget cuts that the State has required. After this report was given, Dr. Carlucci addressed the remaining items on the agenda.

Dr. Carlucci summarized the Reduction Plan, which is due to the State on February 15, 2010, to put in context his presentation on tuition and fees. He stated each campus will prepare a preliminary plan; and the format will be abbreviated for FY2010 and FY2011 with short descriptions given. We are presently looking at a \$24 million reduction for the UH System for the current biennium. A preliminary list of the items for each campus was distributed.

Action Items:

Regent Wise stated that Items B-E would be addressed simultaneously:

1. Item –B – Approval is requested for the changes to the undergraduate tuition and fee schedule for the University of Houston System campuses – UH System
2. Item C – Approval is requested for the changes to the graduate tuition and fee schedule for the University of Houston System campuses – UH System;
3. Item D – Approval of changes to the voluntary and optional fees and charges schedule for the University of Houston System campuses services – UH System; and
4. Item E – Approval is requested for the University Center Fee Increase for FY2011 / FY2012 – University of Houston.

Dr. Carlucci gave a powerpoint presentation on the University-based undergraduate tuition and mandatory fees to the committee. Below is a summary of his remarks.

- Budget principles include:
 - (1) Minimum inflation increase to maintain university operations, ensure quality, maintain faculty – student ratio;

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- (2) Observe Legislative recommendations, regarding % cap or \$ cap;
 - (3) Continue mission initiatives per strategic plan, increase scholarships, and launch new programs;
 - (4) Maintain balanced budgets;
 - (5) Recognize local economic conditions;
 - (6) Stay market competitive;
 - (7) Maximize enrollment in the new base year for formula funding; and
 - (8) Recognize State Appropriations unchanged from FY2010 to FY2011 with reductions now pending.
- University of Houston Tuition & Fee Proposal:
 - (1) 3.95% increase overall;
 - (2) \$137.52 increase per 12 credit hour semester;
 - (3) Cougar Promise family income ceiling raised from \$40,000 to \$45,000;
 - (4) Summer undergraduate courses discounted at approximately 5%;
 - (5) Cougar Graduation Pledge – freshmen who earn 30 credit hours per year will receive \$3,000 toward tuition and fees over their college career;
 - (6) 20% scholarship set-aside on designated tuition; and
 - (7) Consolidated fee schedule (revenue neutral).
 - University of Houston – Use of Tuition and Fee Revenue:
 - (1) FY2010 - 3.95% increase generates \$9 million, a 1.8% increase in the UH budget with 20% set aside for scholarships;
 - (2) Investments in student success (financial aid, student advisors, new faculty, new classroom building);
 - (3) FY2011 planned investments – 3.95% increase generates \$9.5 million, a 1.8% increase in the UH budget with 20% set aside for scholarships;
 - (4) Investments (student success, financial aid, faculty/staff retention, state budget reductions, university priorities).
 - UH-Clear Lake Tuition & Fee Proposal:
 - (1) 4.5% overall increase;
 - (2) \$112.40 increase per 12 credit hour semester.
 - UH-Clear Lake – Use of Tuition and Fee Revenue: FY2011 planned investments –
 - (1) Student success (transfer scholarships, financial aid, new student orientation, equip and maintain labs and studios, purchase and maintain state-of-art equipment, upgrade security technologies);
 - (2) Employee retention;
 - (3) Accredited programs;
 - (4) New full-time faculty.
 - UH-Downtown Tuition & Fee Proposal:
 - (1) 5.1% overall increase;
 - (2) \$112.79 increase per 12 credit hour semester.

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- UH-Downtown – Use of Tuition and Fee Revenue:
 - (1) Additional scholarship support;
 - (2) Student success initiatives;
 - (3) New full-time faculty positions for growth;
 - (4) Additional staff positions to support students/faculty;
 - (5) Faculty/staff pay increase (4 percent);
 - (6) Other initiatives.

- UH-Victoria – Tuition & Fee Proposal:
 - (1) 3.8% overall increase;
 - (2) \$84.00 increase per 12 credit hour semester;
 - (3) New housing and meal plan fees.

- UH-Victoria – Use of Tuition and Fee Revenue:
 - (1) Sustain services to ensure quality;
 - (2) Increase in faculty and staff in critical areas;
 - (3) Increase scholarship funds;
 - (4) Development and delivery of additional academic programs.

- Detailed charts of tuition and fees were given for each UH System institution.
- Graduate tuition and fee increases were addressed for each UH System campus. Dr. Antel gave a review of the different colleges within the University of Houston, and in particular the proposed Law School tuition and fees increase of 12.9%. Dr. Antel called on Dr. Richard Alderman, Associate Dean, UH Law Center, who reported on the proposed law school increase. Dr. Alderman stated this increase is necessary in order to remain a nationally, competitive law school and it was also important to be a quality, affordable law school. He stated the proposed increase of 12.9% was doable, but should be increased.
- Regent Ray proposed an adjustment to the 12.9% increase to 15%-20%. This proposed increase was addressed later in the meeting.
- Voluntary and optional fees and charges schedule for the UH System campus services were addressed:
 - (1) The University of Houston student housing rate increases of 3% will partially offset increased operating costs and salary increases;
 - (2) Meal Plans – within the industry, meal plan structures are evolving into the “LifeStyle” method. The idea is for students to choose the correct meal plan based on their lifestyles and not on the cost. Three new lifestyle plans will be introduced in Fall 2011, with a base cost of \$1,550. Cougar Cash has also been added to this plan. The three lifestyle meal plans are: residential meal plans, commuter meal plans, and faculty/staff meal plans;
 - (3) UH-Clear Lake parking rate change will generate \$115,000 additional revenue in FY2011;
 - (4) UH-Downtown parking rate change will generate about \$12,000 additional revenue in FY2011; and
 - (5) UH-Victoria will be adding housing and meal plans.

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- Students proposed a University Center (UC) Fee increase. UH students passed a referendum with 77% of those 4,161 voting expressing support for a fee increase that would fund a multi-million dollar transformation of the UC with over 70% supporting Concept C that called for a \$25 increase in the UC fee each year beginning with Fall 2010. The Texas Legislature amended Texas Education Code, Section 54.526, to provide for this proposed increase. A \$50 increase to the current mandatory \$35 per student semester UC fee (and a \$25 increase in the current \$17.50 per student summer semester fee) to be phased in at \$25 per year over two years.

Regent Wise moved committee approval of the proposed tuition and fee increase and the amended fee increase for the Law School at 20%. Regent Ray seconded the motion and Regent Wilson concurred. Regent Berry voted no on these issues but she agreed that the tuition and fees increases should go forward to the board for their consideration. This item will be placed on the agenda for the February 16, 2010 Board of Regents meeting for final board approval.

Regent Wise moved committee approval of the amended University Center fee as presented: a \$50 increase for a total of \$135 per semester. Regent Ray seconded the motion and the committee concurred. This item will be placed on the agenda for the February 16, 2010 Board of Regents meeting for final board approval.

The following items were presented next to the committee:

1. Approval is requested to write off Accounts and Notes Receivable for FY2009 – UH System;
2. Approval is requested to write off obsolete equipment and library book inventories for FY009 – UH System;
3. Approval to renew investment resolutions for the University of Houston System – UH System;
4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for insurance coverage terms and rates for Fiscal Year 2010 not to exceed \$5 million in premiums – UH System; and
5. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$15 million for the build-out of the Science and Engineering Research Center (SERC) Phase 4 – University of Houston

Regent Wise moved committee approval of the five approval items listed above. Regent Ray seconded the motion and the committee concurred. These items will be placed on the agenda for the February 16, 2010 Board of Regents meeting for final board approval.

Regent Wise called for a recess of the meeting at 10:23 a.m. The committee reconvened at 10:36 a.m. and Regent Wilson, Chairman of the Board, called for an Executive Session.

Pursuant to Subchapter D of Chapter 551 of the Texas Government Code, which allows governing boards to meet in closed session, the Board of Regents went into Executive Session at 10:36 a.m. The Board reconvened the meeting at 10:55 a.m.

EXECUTIVE SESSION REPORT

Chairman Wilson reconvened the meeting and announced that the regents had consulted with Dona Cornell, General Counsel, Carl Carlucci, Executive Vice Chancellor for Administration and Finance, and John Antel, Senior Vice Chancellor for Academic Affairs and Provost, and discussed a potential lease opportunity.

Chairman Wilson stated no action had been taken in Executive Session.

There being no further business to come before the committee, the meeting adjourned at 10:55 a.m.

All documentation submitted to the Committee in support of the foregoing action items, including but not limited to "Passed" agenda items and supporting documentation presented to the Committee, is incorporated herein and made a part of these minutes for all purposes; however, this does not constitute a waiver of any privileges contained herein.

Others Present:

Renu Khator	Richard Alderman	Michelle Dotter
Carl Carlucci	Emily Messa	Mark Clarke
John Antel	Barbara Stanley	Margie Hattenbach
Dona Cornell	Tom Ehardt	Janis Parsley
Grover Campbell	Wayne Beran	Diane Murphy
Elwyn Lee	Elaine Charlson	Keith Kowalka
William Flores	Raymond Bartlett	Willie Munson
Tim Hudson	Craig Ness	Don Guyton
Bill Staples	Monica McHenry	Mike Kenfield
Liz Fletcher	Fritz Clayton	Mike Emery
Russ Hoskens	Judy Young	Ed Hugetz
Karen Livingston	Nicole Sapko	Javier Hidalgo
Karen Clarke	Miranda Bennett	Carla West
Dan Wells	Mike Glisson	Malcolm Davis
Sam Dike	Dineta Frazier	Jon Aldrich
Ed Jones	Marquette Hobbs	Gerry Mathisen