



This Open Meeting of the Board of Trustees is authorized in accordance with the Texas Government Code, §§551.001 through 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of Board Relations. Per Texas Government Code §551.1282, this meeting is being broadcast over the Internet in the manner prescribed by Texas Government Code, §551.128. In accordance with Texas Government Code §551.127 one or more members of the Board of Trustees may participate in the meeting via videoconference in accordance with the provisions thereof.

NOTICE OF A FINANCE COMMITTEE MEETING OF THE BOARD OF TRUSTEES FOR DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL

Tuesday, September 12, 2023 10:00 AM

Administrative Office

1601 Botham Jean Blvd., Room #036, Dallas, Texas 75215

www.dallascollege.edu/boardmeetingslive

Persons who address the Board are reminded that the Board may not take formal action on matters that are not part of the meeting agenda and may not discuss or deliberate on any topic that is not specifically named in the agenda. For any non-agenda topic introduced during this meeting, there are three (3) permissible responses: 1) to provide a factual answer to a question; 2) to cite specific Board Policy relevant to a topic; or 3) the topic may, at a later date, be placed on a Board Agenda for a subsequent meeting.

Speakers shall direct their presentations to the Board Chair, or the Board, as a whole.

Finance Committee Meeting Agenda

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1. Roll Call - Announcement of a Quorum

Committee Members: Cliff Boyd (Committee Chair), Monica Lira Bravo (Member), Catalina E. Garcia (Member)

2. Certification of Notice Posted for the Meeting

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3. Citizens Desiring to Address the Board

4. Committee Presentations

4.1. Dallas College Discussion of Reserve Drawdowns and Credit Ratings

Presenters: John Robertson, Tiska Thomas, Jason Hughes (Hilltop Securities), Donna Scott (Estrada Hinojosa)

4.2. Marketing & Communication - Building Capability for Future Growth

Presenter: Dorothy Jones

5. Overview of Finance Agenda Items

5.1. Approval of Dallas County Hospital District dba Parkland Health Ground Lease Agreement with Dallas College

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6. Items for Review

6.1. Committee Notes

a. Finance Committee Notes for August 8, 2023

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6.2. Chancellor's Travel Report

7. Executive Session (if required)

7.1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

7.2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignments, Duties, Discipline, or Dismissal of Officers or Employees- Section 551.074

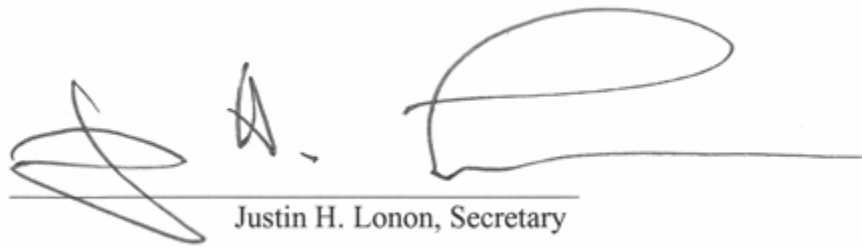
7.3. Deliberate Regarding Real Property Since Open Deliberation would have a Detrimental Effect Upon Negotiations with a Third Person - Section 551.072

- 7.4. Deliberate Regarding Security Devices or Security Audits
Sections 551.076 and 551.089

8. Adjournment

*CERTIFICATION OF NOTICE POSTED FOR THE SEPTEMBER 12, 2023 FINANCE COMMITTEE MEETING
OF DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL BOARD OF TRUSTEES*

I, Justin H. Lonon, Secretary of the Board of Trustees of Dallas College, do certify that a copy of the notice for this meeting was posted on the 8th day of September 2023 in compliance with the applicable provisions of the Texas Open Meetings Act.



Justin H. Lonon, Secretary

OVERVIEW OF FINANCE ITEM NO.5.1.a.

Approval of Dallas County Hospital District dba Parkland Health Ground Lease Agreement with Dallas College

The Chancellor recommends authorization be given to approve a 35-year lease agreement with Parkland Health for ±4.01 acres of land at the Dallas College, Richland Campus. Parkland Health intends to build (and fully fund) a clinic containing approximately 30,000 square feet (see preliminary rendering). The land lease will be \$1,000 per year. This initiative is a reflection of a Dallas College priority to address healthcare needs in surrounding communities and leverage our assets to achieve strategic priorities.

Purpose

Parkland Health is leasing land from Dallas College to build a clinic at our Richland Campus. The clinic will offer the following medical services: podiatry, optometry, behavior health, geriatrics, vaccines, women's and infant specialties, and pediatrics.

Background

One of the strategic priorities for Dallas College is to leverage College facilities, land, technology, programs, partnerships, and other capabilities to strengthen and build our communities and workforce, now and for the future. This initiative will provide community members with direct access to world-class healthcare. This clinic may also provide future employment opportunities for our students enrolled in healthcare related disciplines.

We envision the benefit from this lease will:

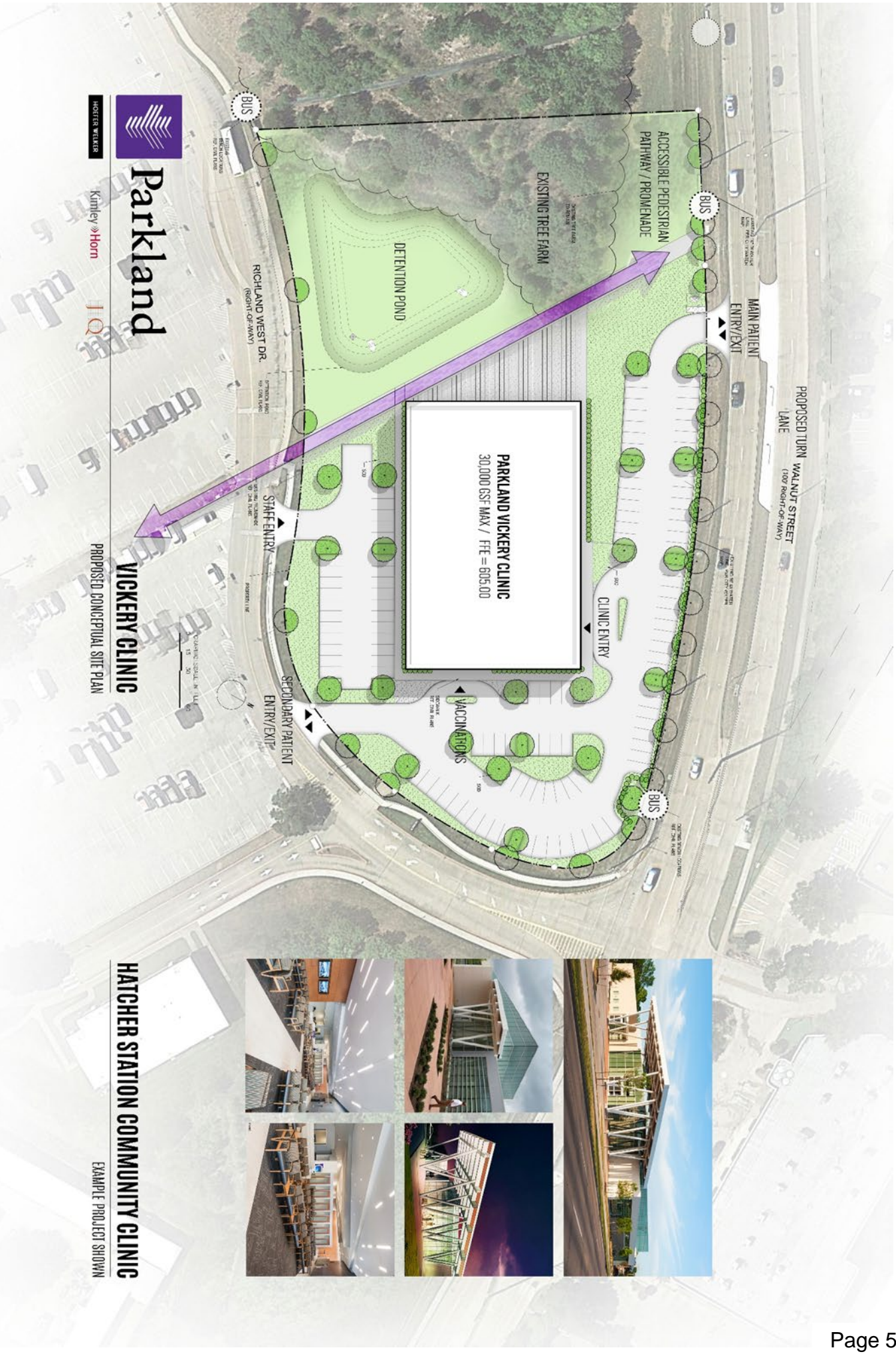
- Serve economically disadvantaged populations by providing direct access to community resources
- Expand external partnerships
- Help to ensure Dallas College's active role in the future of the region's economy, educational achievement, and community development

Funding Source

N/A

Resource Contact

John Robertson, Chief Financial Officer



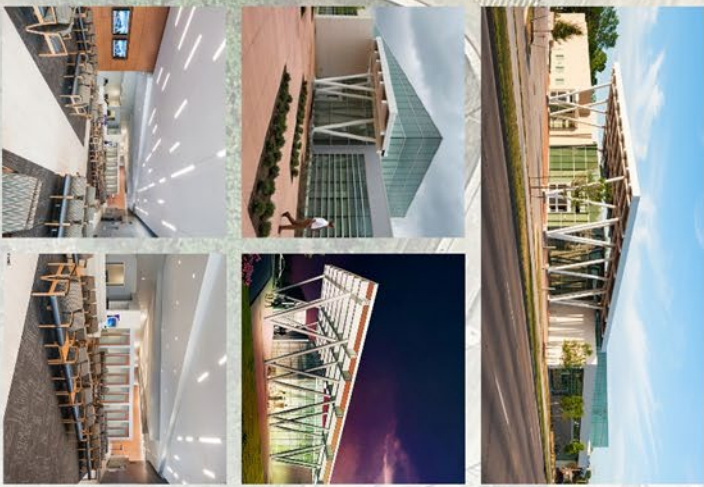
Parkland

HATCHER WALKER

Kimley-Horn



VICKERS CLINIC
PROPOSED CONCEPTUAL SITE PLAN



HATCHER STATION COMMUNITY CLINIC

EXAMPLE PROJECT SHOWN

ITEM FOR REVIEW NO. 6.1.a.

Finance Committee Notes for August 8, 2023

The Finance Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, August 8, 2023, beginning at 10:30 a.m. at the administrative office in room 036 and was broadcasted via the streaming link www.dallascollege.edu/boardmeetingslive. This meeting was convened by Committee Chair Cliff Boyd.

Board Members and Officers Present

- * Mr. Cliff Boyd (committee chair)
- * Mrs. Monica Lira Bravo
Ms. Charletta Rogers Compton
Ms. Diana Flores (left at 1:57 p.m. and returned at 2:23 p.m.)
- * Dr. Catalina E. Garcia
Dr. Justin H. Lonon (secretary and chancellor)
Mr. Paul Mayer
Mr. Philip J. Ritter

- * *Denotes a committee member*

Members Absent

None.

1. **Roll Call - Announcement of a Quorum** confirmed by Committee Chair Boyd.
2. **Certification of Notice Posted for the Meeting** confirmed by Chancellor Lonon.
3. **Citizens Desiring to Address the Board**
There were no citizens desiring to address the Board.
4. **Committee Presentations**
 - 4.1. FY2024 Budget Forecast Update
Presenter: Tiska Thomas

Tiska Thomas presented the FY2024 Budget Forecast Update with changes that had occurred since June 2023 budget projections.

The tax revenue projection was spot on at \$390.7 billion. The actual revenue generated is \$352 million, which was a \$17 million decrease from the projection due to the number of properties in dispute. State appropriations increased the guaranteed funding by \$1.8 million. Net tuition increased by \$2 million as scholarships aligned to current anticipated growth patterns. Investment income increased by \$4 million, aligning with current year rates and anticipated market trends.

Overall, the net change in revenue decreased by \$5.7 million. Contingency funds will cover the net change in revenue without impacting the budget or planned services and programming. The revised remaining contingency was \$4.3 million, whereas any unspent funds at the end of the fiscal year become a part of cash reserves.

The college is proposing a tax rate of \$0.110028, comprised of maintenance and operating (M&O) at \$0.090261 and the interest and sinking (I&S) at \$0.019767. The I&S rate is a set rate for debt service issued. The proposed tax rate affords the college opportunities for program expansion, student call center, basic service needs, and to provide a livable wage.

Cash reserves philosophy adopted by Dallas College includes committed, dedicated, and discretionary funds. Committed reserves are required by policy. Dedicated reserves are used for the clear, focused purpose of facilities and administrative initiatives, such as FIP and new programs. Discretionary reserves are the remaining funds after committed and dedicated funds.

Trustee Flores asked how much the M&O has changed from last year. Tiska Thomas stated that the M&O rate has decreased by a half a cent in the current year and decreased by a penny from FY22.

Trustee Ritter asked about using the uncommitted cash reserves to reduce interest costs and borrowing. Tiska Thomas responded that the college does not need to borrow at this time. The college has a structure for paying off debt with calls annually and will evaluate prepaying debt next year. The college is also looking at partnerships to fund phase 2 bond projects.

Committee Chair Boyd recommended consulting with the college's financial advisors and scheduling a future board presentation.

Committee Chair Boyd and Chancellor Lonon thanked the financial staff and leadership for their time and effort.

4.2. HB8 Performance Based Funding Overview

Presenters: Terry Di Paolo, Shawnda Floyd, Beatriz Joseph, John Robertson, Tiska Thomas, Pyeper Wilkins, Brad Williams

Dallas College Leadership – Terry Di Paolo, Shawnda Floyd, Beatriz Joseph, John Robertson, Tiska Thomas, Pyeper Wilkins, and Brad Williams – presented an overview of House Bill 8 (HB8) Performance Based Funding.

Tiska Thomas gave an overview of Dallas College revenue, which is comprised of taxes, tuition, and state allocation, that is approximately 17% of the college's budget.

The previous funding model focused on contact hours and the new funding model HB8 focuses on outcomes. The FY24 state allocation for Dallas College is \$97 million, an increase of \$6 million from FY23. The largest portion of our college's funding came from students earning associate degrees and students transferring to Texas public institutions. In comparison, under the new funding model, Alamo College received an increase of \$25 million over the previous year's allocation.

The new state allocation was based on data provided directly by colleges. Under-reporting data may have affected our college's state allocation. The college needs to improve data tracking and

reporting, such as consistent coding collegewide and development of non-credit coding.

HB8 provides funding based on two tiers: base tier funding and performance tier funding. The college does not receive base tier funding because revenue from taxes and tuition cover basic instruction and operations costs. The college receives funding based on three categories of outcomes (dual credit, transfer, and completion) and a total of 10 student outcomes. This includes the outcomes of credit, workforce, and continuing education students. Other components of the funding formula include weightings for different populations (adult learners; academically and economically disadvantaged) and high demand fields.

There are 42 academic fields that represent 25 high demand occupations across the state. These occupations require education or training beyond high school but below a bachelor's degree and provide people with a median wage. High demand occupations are projected to experience growth across the state. Dallas College currently offers credentials in 22 of the 42 academic fields that are associated with high demand occupations. There are opportunities for growth in licensure, certifications, and occupational skills awards along with expanding programs in more high demand fields, such as blockchain, cryptocurrency, cloud computing, and sonography. Associates and bachelor's programs continue to expand. Bachelor's degree students who completed their programs in Spring 2023 will be counted in next year's funding.

Dallas College has taken an action-oriented approach to understanding HB8. The college is developing a strategy with collegewide communication and tracking data for the big six community colleges. The college is creating a cross collaborative Rapid Response Team comprised of staff from finance, academics, workforce, student success, operations, marketing, and HR. The team will work on aligning credit and non-credit coursework through career connected learning, focusing on high demand fields.

In addition, the team is building data models that will inform budget planning and program strategy. The state provides funding for transfer students who are co-enrolled with universities through

a structured co-enrollment program. The team is also researching co-enrollment opportunities and university partnerships.

Committee Chair Boyd and Chancellor Lonon spoke favorably about the new funding model.

Chair Bravo asked for the percentage of Dallas College students who are adult learners. The Rapid Response Team will get that information to the board.

Chair Bravo asked for the number of graduates who received a bachelor's degree. The team responded that 125 bachelor's degrees were conferred.

Trustee Garcia requested a comparison of data and funding received from the old model versus the new model. The team is still researching data and making comparisons between the models.

Tiska Thomas spoke about providing fiscal support for academics in aligning programing. FAST funding was not included in the data shared with the board. Discussions with leadership on FAST funding will continue.

Trustee Ritter asked how contingency funds in the proposed budget will be utilized. Tiska Thomas responded that the funds will be utilized to cover the variation in tax revenue and to allow the college to make adjustments in programming.

Committee Chair Boyd spoke in support of early conversations so that the board can make more informed decisions.

Trustee Mayer applauded the cross functional team for their work on this project.

4.3. Rewarding Excellence: Unveiling the Human Resources

Compensation Plan for 2023-2024

Presenters: Louis Burrell, Brad Williams

Louis Burrell and Brad Williams presented an update on human resources, covering the executive performance incentive compensation plan, compensation items, and a recommended policy change for relocation.

The executive performance incentive compensation is designed to provide better alignment with the college's key initiatives and the annual performance review process. A pool of funds for payment of incentive awards shall be considered and approved by the board of trustees as part of the annual budget.

Performance goals will be established prior to the start of the academic year by the chancellor. Each participant (L2 or L3) would have systemwide (shared) goals and individual goals. The chancellor will review the evaluation of performance for each participant, along with the recommendation for lump sum incentive award payout. Participants will be rated on the newly enhanced 5-point scale that allows for expanded differentiation of performance. Participants with low ratings would not be eligible for a compensation payout for that year and will have an improvement plan to make improvements. HR will also administer a 360-feedback survey for additional feedback on performance based on unbiased feedback from stakeholders and peers. The chancellor will provide an informative report to the board on the incentive awards.

The goal of the first-year pilot program is to enhance the executive incentive plan and introduce merit pay in the coming years. The first-year pilot hybrid model would include an across the board 2% payout and an incentive compensation of 3% based on performance rating.

The FY24 shared goals for L2s and L3s are employee success and ensure institutional effectiveness. Employee success will improve our employee experience, engagement, and promote our values. Ensure Institutional Effectiveness will improve our student and employee experience, focusing on effectiveness, efficiency, flexibility, agility, and quality. The shared goals align with the college's mission, core values, and board's strategic plan, along with the chancellor's goals and objectives.

For the compensation update, there are several compensation increases: new livable wage, 5% across the board, adjunct rate increase, and 2% across the board administrative increase. The new livable wage increase would affect over 300 employees and raise their wages to \$18.24 per hour. Five percent across the board increase would include full-time staff and administrators and part-time staff. Faculty would receive a 5% increase based on total average salaries. The adjunct professor rate increase would raise the rate from \$58 to \$65, which is more competitive in the market, but still below Collin and Tarrant's rate of \$66.

The compensation study data will be available this fall. The compensation study team will be reviewing the data and determining next steps.

HR would like to make a policy recommendation for a relocation allowance up to \$10,000 with a retention period of two years. This tool would be utilized to recruit talent who reside more than fifty miles from the administrative office of the college. Rob Wendland stated that the college will comply with IRS regulations with respect to paying relocation expenses.

Rob Wendland spoke about the federal limitations on incentive compensation for higher education. Federal regulations prohibit paying employee compensation that is triggered by the number of students they enroll or how much financial aid they award. The college's merit-based compensation policy will be tailored to comply with those regulations.

Trustees Ritter and Boyd questioned the adjunct rate not being competitive with our peer colleges (Collin and Tarrant).

Trustee Compton recommended increasing the adjunct rate to \$66 per hour, aligning with our peer colleges. Trustees Ritter and Boyd agreed with this recommendation. Chancellor Lonon requested that the adjunct rate be increased to \$66. He also recommended that

adjustments for full-time faculty in hard to fill areas should be considered for adjuncts in hard to fill areas as well.

Trustee Compton suggested that the relocation policy state the eligibility criteria. Human resources has developed eligibility requirements that will be included in the procedures and shared with the board.

Trustee Ritter asked to see the distribution and rating scales for the executive performance incentive compensation.

Trustee Compton voiced concerns with evaluation systems that reward only a small part of employees.

Trustee Ritter asked for an update on the 360-feedback survey for the board's accountability. Perla Molina stated that there will be an update at a future governance committee meeting.

5. Items for Review

5.1. Committee Notes

a. Finance Committee Notes for June 6, 2023

No comments or edits were made.

6. Executive Session began at 12:10 p.m. and returned at 1:57 p.m.

7. Adjournment was at 3:07 p.m.

Captioned video and transcripts for Dallas College Board Meetings are available at our website, www.dallascollege.edu/boardmeetingslive, under the Archived Videos section.