

TEXAS HIGHER EDUCATION COORDINATING BOARD

MINUTES

Regular Quarterly Meeting

1200 East Anderson Lane, Austin, Texas

July 20, 2006

The Texas Higher Education Coordinating Board convened at 8:30 a.m. on July 20, 2006, with the following members present: Robert Shepard, presiding; Neal W. Adams; Laurie Bricker; Paul Foster; Joe B. Hinton; Elaine Mendoza; Nancy Neal; Lorraine Perryman; Lyn Phillips; Curtis Ransom; A.W. "Whit" Riter.

Board members not present were: Fred Heldenfels and George McWilliams.

AGENDA ITEM	ACTION
I. Call to order and Opening Remarks	Mr. Shepard called the meeting of the Coordinating Board to order. A resolution of appreciation was read by Ms. Perryman for Jerry Farrington. On motion by Mr. Adams, seconded by Mr. Hinton, the Board adopted the resolution.
II. Approval of Minutes of the April 20, 2006 meeting	On motion by Ms. Bricker, seconded by Mr. Ransom, the Minutes of the April 20, 2006 meeting were approved.
III. Approval of Minutes of the May 19, 2006 Special Called Meeting	On motion by Ms. Neal, seconded by Mr. Foster, the Minutes of the May 19 special called meeting were approved. Mr. Adams abstained because he was not present at that meeting.
IV. Approval of the Consent Calendar	On motion by Mr. Riter, seconded by Ms. Mendoza, the Board approved the consent calendar. Items on the consent calendar were: VI-N; VI-O; VII-E; X-E; X-F; X-G; X-H; X-I; X-J; X-K; X-L; X-M; X-N; X-O; and XI-E.
V. Major Policy Discussion	
A. Commissioner's Report on Higher Education	No action required.
B. Higher Education Strategic Planning and closing the gaps	No action required. A report was presented to the Board by students from The Commissioner's class at The University of Texas at Austin on Strategic Planning for Higher Education.

AGENDA ITEM	ACTION
VI. Matters relating to the Committee on Academic Excellence and Research	
A. Committee Chairman's Report	No action required. An update on the Committee's activities was presented to the Board by Ms. Perryman, Chair of the Academic Excellence and Research Committee.
B. Excellence Showcase: Report on achieving the Baldrige Award by Dr. Stephen K. Mittelstet, President, Richland College, Dallas County Community College District	No action required. Dr. Mittelstet presented the report to the Board regarding the pursuit of excellence at Richland College. Dr. Mittelstet's presentation is available on the Coordinating Board Website.
C. Consideration of a request from the Texas A&M University System Health Science Center for approval of the Doctor of Pharmacy (PharmD) degree	On motion by Ms. Neal, seconded by Ms. Mendoza, the Board approved the request with the understanding that the school will submit two reports within a three-year period: an interim report due June 1, 2007, confirming short-term activities and resources consistent with institutional commitments; and a three-year report, confirming the presence of faculty and resources consistent with longer institutional commitments. The three-year report also will provide an assessment of student progress.
D. Consideration of a request from the University of Houston for an off-campus higher education unit	On a motion by Ms. Bricker, seconded by Dr. Phillips, the Board tabled this item to allow adequate time for study.
E. Consideration of a study to assess the need for a new pharmacy school located in the Dallas/Forth Worth Metroplex area	On motion by Mr. Adams, seconded by Ms. Neal, the Board will request the LBB to grant an extension of the deadline from September 1 to November 1. If the extension is not granted by the LBB the Board would authorize the Board Chair and the Committee Chair to accept and act on the report based on changes, comments from the field and staff recommendations. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.

AGENDA ITEM	ACTION
<p>F. Consideration of a feasibility study regarding the automatic admission of certain associate degree and certificate holders (Senate Bill 1227, Section 58)</p>	<p>On motion by Ms. Neal, seconded by Ms. Bricker, the Board postponed this item until the September 6, 2006 Academic Excellence and Research Committee meeting. If the Committee approves the report, the Board authorizes the Board Chair and the Committee Chair to accept it and send it to the legislative committees with jurisdiction over higher education by October 1, 2006.</p>
<p>G. Consideration of grants to be awarded under the Technology Workforce Development Grants Program</p>	<p>On motion by Ms. Mendoza, seconded by Ms. Neal, the Board approved the grants. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.</p>
<p>H. Report on the impact of the Advanced Research Program and its role in future state research grant programs:</p> <ol style="list-style-type: none"> 1. Advanced Research Program impact study 2. Recommendations for continuation of the Advanced Research Program by the Advisory Committee on Research Programs (ACORP) 3. Report on Emerging Technology Fund 	<p>No action required. Dr. James Jarrett and Dr. Jonathan Sessler presented a report on the Advanced Research Program and Dr. Norman Hackerman presented the recommendations from ACORP to the Board. Dr. Mark Ellison presented the report to the Board on the Emerging Technology Fund. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.</p>
<p>I. Consideration of approval of revised mission statements and preliminary authority requests for the following general academic institutions:</p> <p>Lamar University Prairie View A&M University Tarleton State University Texas A&M University-Commerce Texas A&M University-Kingsville Texas A&M University-Texarkana Texas Tech University West Texas A&M University</p>	<p>On motion by Mr. Adams, seconded by Ms. Mendoza, the Board approved the revised mission statements and preliminary authority requests. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.</p>
<p>J. Consideration of preliminary authority requests from Texas State University-San Marcos, The University of Texas at Dallas, The University of Texas at San Antonio, and The University of Texas Medical Branch at Galveston, and a mission statement revision from the University of North Texas</p>	<p>On motion by Dr. Phillips, seconded by Ms. Neal, the Board approved the preliminary authority requests and the mission statement.</p>

AGENDA ITEM	ACTION
<p>K. Consideration of approval of requests for new degree programs</p> <p>SAM HOUSTON STATE UNIVERSITY 1. Doctor of Education (EdD) degree with a major in Reading</p> <p>THE UNIVERSITY OF TEXAS AT ARLINGTON 2. Doctor of Philosophy (PhD) degree with a major in Educational Leadership</p> <p>THE UNIVERSITY OF TEXAS AT SAN ANTONIO 3. Doctor of Philosophy (PhD) degree with a major in Anthropology</p> <p>UNIVERSITY OF HOUSTON-CLEAR LAKE 4. Doctor of Education (EdD) degree with a major in Educational Leadership</p>	<p>On motion by Ms. Neal, seconded by Mr. Hinton, the Board approved the degree program.</p> <p>On motion by Ms. Neal, seconded by Dr. Phillips, the Board approved the degree program.</p> <p>On motion by Ms. Mendoza, seconded by Mr. Foster, the Board approved the degree program.</p> <p>On motion by Ms. Bricker, seconded by Dr. Phillips, the Board approved the degree program.</p>
<p>L. Report on the Distribution of Funds Trusteed to Support Graduate Medical Education for Program Year 2007</p>	<p>No action required.</p>
<p>M. Report on Joint Admissions Medical Program (JAMP)</p>	<p>No action required. Kathleen Fallon, M.D., Chair of JAMP; Kenneth Shine, M.D. from UT System; and 2 current JAMP students addressed the Board.</p>
<p>N. Consideration of adopting amendments to Section 4.28(d), and new Sections 4.28(j) and 4.28(k) of Board rules, concerning rules applying to all public institutions of higher education in Texas (Final Consideration)</p>	<p>This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p>

AGENDA ITEM	ACTION
<p>O. Consideration of adopting amendments to Sections 7.6, 7.7, and 7.9 of Board rules, concerning private and out-of-state public postsecondary educational institutions operating in Texas (Final Consideration)</p>	<p>This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p>
<p>P. Report of compliance with recommendations resulting from institutional effectiveness evaluation of associate degree-granting institutions.</p>	<p>No action required.</p>
<p>Q. Report on Texas Industry Cluster Initiative</p>	<p>No action required. Lori Rich, Special Advisor from Governor Perry's Office presented the report. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.</p>
VII. Matters relating to the Committee on Strategic Planning	
<p>A. Committee Chair's Report</p>	<p>No action required. An update on the Committee's activities was presented to the Board by Mr. Adams, Chair of the Strategic Planning committee.</p>
<p>B. Consideration of the annual report on progress toward <i>Closing the Gaps</i></p>	<p>Susan Brown, Assistant Commissioner for Planning and Accountability presented the 2006 Progress Report.</p>
<p>C. Consideration of request for Board approval of construction, rehabilitation, and property purchase project</p> <p>1. <u>University of Houston</u></p>	<p>On motion by Ms. Bricker, seconded by Dr. Phillips, this item was tabled.</p>

AGENDA ITEM	ACTION
Purchase 20555 State Highway 249	
<p>D. Actions taken by the Committee on Strategic Planning on construction, rehabilitation, and property purchase projects</p> <ol style="list-style-type: none"> 1. <u>The University of Texas at Arlington</u> Construct Activities Building Expansion and Renovation – Phase 1 2. <u>The University of Texas M.D. Anderson Cancer Center</u> Construct Braeswood Parking Garage 3. <u>The University of Texas M.D. Anderson Cancer Center</u> Renovate South Campus Vivarium Facility – Stage 2 4. <u>The University of Texas M.D. Anderson Cancer Center</u> Construct Bastrop Facility Strategic Plan – Stage 2 5. <u>The University of Texas M.D. Anderson Cancer Center</u> Re-approve Renovate FEMA 406 Projects 6. <u>The University of Texas Medical Branch at Galveston</u> Re-approve Construction and Renovation of University Plaza 7. <u>The University of Texas Southwestern Medical Center at Dallas</u> Construct Laboratory Research and Support Building – Phase 2 8. <u>Texas State University – San Marcos</u> Construct Student Recreation Center – Phase 2 	No action required.
E. Consideration of adopting amendments to Section 13.142 of Board rules, concerning Financial Planning (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.

AGENDA ITEM	ACTION
VIII. Executive Session	
<p>The Board will hold a closed session to deliberate the following matters:</p> <ul style="list-style-type: none"> A. Consultation with the Commissioner regarding personnel matters pursuant to Section 551.074, TX Govt. Code B. Consultation with attorney regarding possible litigation over termination of contracts pursuant to Section 551.071, TX Govt. Code. C. Consultation with attorney regarding investigations related to possible criminal activity in the Loan Program Operations pursuant to Section 551.071, TX Govt. Code. D. Consultation with attorney regarding the administration of the Texas College Student Loan Bonds pursuant to Section 551.071, TX Govt. Code E. Consultation with attorney regarding the selection of external auditors pursuant to Section 551.071, TX Govt. Code 	<p>Closed Session. A Certified Agenda is on file with these minutes.</p>
IX. Commissioner's Report on Agency-related Matters	
X. Matters relating to the Committee on Participation and Success	
<p>A. Committee Chairman's Report</p>	<p>No action required. An update on the Committee's activities was presented to the Board by Mr. Riter, Chairman of the Participation and Success Committee.</p>
<p>B. Update on the Commissioner's Priorities for Participation and Success</p>	<p>No action required. Evie Hiatt, P-16 Advisor, presented an update on HB 1 and its relationship to the Commissioner's priorities.</p>
<p>C. Consideration of report on Financial Aid for College Students in Texas, Fiscal Year 2005</p>	<p>On motion by Ms. Bricker, seconded by Ms. Mendoza, the Board adopted the report. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.</p>

AGENDA ITEM	ACTION
D. Deleted	This item was deleted from the agenda.
E. Consideration of repealing Section 9.147 of Board rules, concerning Partnerships Between Secondary Schools and Public Two-Year Colleges, and adopting new Sections 9.201 through 9.206 of Board rules, concerning the statewide evaluation of Tech-Prep Consortia (S.B. 1809, 79th Texas Legislature) (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
F. Consideration of adopting new Section 21.7 of Board rules, concerning General Provisions (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
G. Consideration of adopting amendments to Sections 21.55 and 21.63 of Board rules, concerning the Hinson-Hazlewood College Student Loan Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
H. Consideration of adopting amendments to Sections 21.122, 21.124, and 21.126 of Board rules, concerning the Texas B-On-Time Loan Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
I. Consideration of adopting amendments to Sections 21.251, 21.257, 21.261, 21.262, and 21.263 of Board rules, concerning the Physician Education Loan Repayment Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
J. Consideration of adopting an amendment to Section 21.282 of Board rules, concerning The Good Neighbor Scholarship Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
K. Consideration of adopting amendments to Sections 21.728, 21.731, and 21.732 of Board rules, concerning Determination of Resident Status and Waiver Programs for Certain Nonresident Persons (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.

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L. Consideration of adopting amendments to Sections 21.951, 21.952, 21.953, 21.954, 21.956, 21.957, and 21.959 of Board rules, concerning the Early High School Graduation Scholarship Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
M. Consideration of adopting amendments to Sections 21.2083 and 21.2084 of Board rules, concerning the Doctoral Incentive Loan Repayment Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
N. Consideration of adopting an amendment to Section 22.27 of Board rules, concerning the Tuition Equalization Grant Program (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
O. Consideration of adopting the repeal of Sections 21.21 through 21.27 of Board rules, concerning Determining Residence Status (Final Consideration)	This item was approved for adoption on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
XI. Matters relating to the Committee on Agency Operations	
A. Committee Chair's Report	No action required. An update on the Committee's activities was presented to the Board by Mr. Shepard, Chair of the Agency Operations Committee.
B. Consideration of the Coordinating Board's Legislative Appropriation Request (LAR) for the 2008-2009 biennium	<p>On motion by Mr. Adams, seconded by Ms. Bricker, the Board amended the LAR staff recommendation's Exceptional Item Priority List to change TEG to priority #2 and change ARP to priority 3.</p> <p>On motion by Mr. Adams, seconded by Mr. Foster, the Board amended the LAR staff recommendation to reduce TEXAS Grants to 95%, which would reduce the Student Financial Aid Strategy to 95.8%, and to increase TEG to 81.1%. Dr. Phillips voted no on this motion.</p> <p>On motion by Mr. Adams, seconded by Dr. Phillips, the Board approved the LAR staff recommendation as amended, as well as to provide authority to the Chairman and Vice Chairman to make modifications if needed to respond to any issues that may come up after the Board meeting but before submission of the LAR to LBB.</p>

AGENDA ITEM	ACTION
C. Consideration of the Coordinating Board's budget for Fiscal Year 2007	On motion by Ms. Neal, seconded by Mr. Foster, the Board approved the budget as amended for FY 2007.
D. Deleted	This item was deleted from the agenda.
E. Consideration of the continuation of the Technology Workforce Development Grant Program Advisory Committee, retroactive to September 1, 2005, and the continuation of the National Geographic Awards Committee and the Restricted Research Expenditures Advisory Committee, effective September 1, 2006	This item was approved on the Consent Calendar.
F. Consideration of adopting new Section 1.16 of Board rules, concerning contracts for materials and services (Final Consideration)	On motion by Mr. Adams, Seconded by Mr. Foster, the Board adopted the new Section. A copy of the Board rules as adopted may be found in the agenda materials.
G. Consideration of the ratification of the termination of contract between the Coordinating Board and Sierra Systems	On motion by Mr. Hinton, seconded by Mr. Adams the Board approved the termination of the contract.
H. Consideration of ratification of the selection of external auditors	On motion by Mr. Hinton, seconded by Mr. Ransom, the Board authorized the Commissioner of Higher Education to contract with KPMG, LLP to conduct a financial audit of the agency and contract with DeLoitte and Touche, LLP to conduct the loan program and agency-wide management control audit.
I. Consideration of an investment policy for the Texas Higher Education Coordinating Board Reserve Funds	On motion by Ms. Perryman, seconded by Mr. Riter, the Board tabled this item.
J. Report on program and facilities decisions made by the Commissioner since the previous Board meeting	No action required.

AGENDA ITEM	ACTION
K. Discussion of actions taken during Board meeting to close the gaps	No action required.
L. Consideration of approval of options regarding the Loan Program System Migration Project	On motion by Mr. Hinton, seconded by Mr. Adams the Board approved the options regarding the Loan Program System Migration Project. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.
M. Consideration of approval to contract with a vendor regarding the Loan Program System Migration Project	On motion by Mr. Hinton, seconded by Dr. Phillips, the Board approved the contract with Charter Account Systems for commercial off-the-shelf software for loan program migration projects and approval of the cost not to exceed \$1,341,000 in FY 2007 for the initial implementation with an annual cost of approximately \$505,000 and a contingency account amount of 10% or \$134,100. Supplemental agenda materials were provided to the Board. Copies are on file with these minutes.

With no further business, on a motion by Ms. Bricker, seconded by Dr. Phillips, the meeting adjourned at 2:35 p.m. on July 20, 2006.

Respectfully Submitted,

Robert W. Shepard
Chair