



## **Semi-Annual Report to the Legislature regarding Status of Partnership The University of Texas at Brownsville and the Texas Southmost College District**

March 1, 2012

Pursuant to § 5(d), SB 1909, passed by the 82<sup>nd</sup> Texas Legislature The University of Texas at Brownsville (“UTB”) submits to the Texas Legislature its first semi-annual report on the status of the partnership between UTB and Texas Southmost College District (“TSC”). It is our understanding that TSC will submit a separate report to the Legislature.

### **Introduction and Background**

In June 1991, the Board of Regents of The University of Texas System and the Board of Trustees of the TSC signed an Educational Partnership Agreement (authorized by *Texas Education Code*, § 51.661, *et seq.*) (the “Agreement”) to efficiently and effectively deliver a spectrum of higher education services ranging from community college classes to advanced university degree programs to the residents of Brownsville and the Lower Rio Grande Valley. The Agreement very broadly obligates TSC to dedicate its tax revenues to the partnership and provide facilities necessary to deliver higher education services. U. T. System, through UTB, is obligated to operate all academic and support services necessary to the Brownsville campus, including employment and management of all faculty and staff. Over the years, the very broad Agreement was augmented with a series of interagency agreements to address specific operating issues. However, no omnibus, comprehensive agreement was ever put in place to govern the parties’ relationship.

In late 2009, as the 20-year anniversary of the Agreement neared, the parties began working together to create an enhanced operating agreement to specifically delineate duties and responsibilities. Both parties designated members of a working group. Over the next nine months, the UTB-TSC working group drafted a new, comprehensive operating agreement. In the fall of 2010, TSC rejected the new operating agreement. On November 11, 2010, the U. T. System Board of Regents voted to terminate the Agreement. Without further action of the parties, termination is effective on August 31, 2015, provided operational separation and separate accreditation are not achieved at an earlier date.

In the months following termination of the Agreement, the parties explored various models for continued partnership in some form, but in the February of 2011, TSC expressed its desire to establish a separate community college. From the spring of 2011 until the present time, the parties have been working to establish a framework for transition and, ultimately, separation.

## **Beginning the Transition**

With the passage of SB 1909 and the conclusion of the 82<sup>nd</sup> Legislative session, U. T. System Chancellor Francisco Cigarroa appointed a U. T. System executive transition team to plan for the transition and negotiate with TSC the terms and conditions of the separation. The U. T. System transition team is:

Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs *ad interim*  
Barry Burgdorf, Vice Chancellor and General Counsel  
Randy Wallace, Associate Vice Chancellor, Controller & Chief Budget Officer  
Dr. Martha Ellis, Associate Vice Chancellor for Community College Partnerships  
Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs  
Michael Putegnat, Executive Director for South Texas Academic Programs (serves as on-campus liaison)

Chancellor Cigarroa's charge to the U. T. System transition team is to:

- Work with UTB to plan and implement, in consultation with the Chancellor, a transition plan for UTB to become a successful stand-alone four-year institution serving the needs of the Brownsville community;
- Reasonably assist TSC, to the extent possible and as TSC desires, in establishing itself as an accredited community college;
- Conduct a transparent and accountable transition process;
- Reasonably minimize the time to separation in order to provide clarity and certainty to all campus constituencies in an efficient and effective manner; and
- In all things, think of the students first.

The Chancellor remains closely involved with the U. T. System transition team on day-to-day activities. Further, the Board of Regents is updated regularly on activities and progress.

Throughout the summer of 2011, the U. T. System transition team engaged in extensive financial and enrollment modeling and began preliminary meetings with two consultants appointed by TSC.

Because TSC was not staffed at the time the separation decision was made and only maintained a small Board of Trustees office, before a TSC transition team could be named TSC had to hire key personnel and consultants—first and foremost a President. Dr. Lily Tercero began work as TSC's first president on October 1, 2011. Under President Tercero's direction, TSC has now been able to round out its transition team. TSC's transition team is:

Dr. Lily Tercero, President  
Dr. Robert Aguero, Vice President for Instruction and Student Services

Chet Lewis, Vice President for Finance and Administration  
Dr. Leonardo de la Garza, Chancellor Emeritus, Tarrant County College District  
(Consultant)  
Robert Kembel, President, Huffines Advisory Services (Consultant)  
Al Linley, Chief Operating Officer, Huffines Advisory Services (Consultant)  
Richard A. Illmer, Attorney, Brown McCarroll L.L.P. (Consultant)

### **Transition Progress to Date**

While transition teams (as the teams were then constituted) have been meeting approximately every six weeks since the summer of 2011, it was not until January 27, 2012, that the fully-staffed transition teams first met. Through the early meetings and the first full meeting, the transition teams have established a conceptual framework for transition and a preliminary timetable.

Conceptually and based on the requirements of a separate accreditation for TSC, to be obtained from the Southern Association of Colleges and Schools, the parties are working towards a virtual separation or separation in place such that a final separation date can be established and the parties can begin to separate functionally within the existing partnership shell. This concept is necessary because: (1) accreditation standards require that TSC exhibit the ability to operate as an independent entity prior to accreditation being granted; and (2) it is not possible to simply “flip a switch” and achieve separation.

The parties are beginning to build a timeline for separation based on an operational separation date of August 31, 2013. As of that date, the two institutions plan to enroll students as separate institutions and begin the next phase of their existence for the 2013-2014 academic year. Upon successful operational separation, TSC will be ready for an accreditation visit from SACS in the 2013-14 academic year. This timetable will allow for separate accreditation before the partnership ends on August 31, 2015.

As a new four-year institution, UTB knows which classes and programs it will maintain and, in fact, is limited by Texas statutes and THECB rules and regulations from competing in the college community space once the partnership is ended. At the present time, TSC is developing a list of programs and classes it plans to offer as a stand-alone community college. TSC has informed U. T. System that it expects that list to be complete in early March, 2012. With the completion of that task, the parties will be able to finally determine which employees attached to current community college and university courses will be the subject of a reduction in force. UTB will begin its internal process to implement the reduction in force on March 15, 2012. The parties desire, but are not required to give, approximately a one-year notice to affected employees. The parties hope to deliver notice to employees in early summer of 2012.

Enrollment in the two new separate institutions is another key issue. Past enrollment reporting is of little use as it does not reflect any measure of student choice between a community college and four-year university with different admissions standards and different costs. In fact, in the past all freshmen and sophomores were arbitrarily assigned to the community college for enrollment reporting purposes.

In an attempt to begin to understand enrollment preferences and trends, UTB asked all of the students to self-declare which institution they would prefer to attend—UTB or TSC. The result was that 80% of the students chose UTB and 20% chose TSC. UTB has annualized these student preferences as a starting point and adjusted them to account for likely cost differences and UTB's new admissions standards vs. open enrollment for TSC. As a result, UTB currently projects approximately 60% of currently enrolled students will attend UTB and 40% will attend TSC. These numbers make sense since UTB will be enrolling four years of students, including freshmen and sophomores, and TSC will only be enrolling two years of students.

As the classes/programs, employees, and students are *de facto* separated, the parties can begin discussing what, if any, agreements might be entered into for shared and/or contracted facilities and services.

U. T. System/UTB has been using some of its financial capacity to acquire additional acreage adjacent to the existing campus and has preliminarily discussed building plans. The assemblage of raw acreage for potential campus expansion is approximately 100 acres. In sum, UTB is positioned to be self-sufficient as soon as separation is complete. The need for unnecessary entanglement has been minimized and UTB is planning to conserve its cash flow for future operations.

The next semi-annual report is due to the Legislature in September, 2012, and U. T. System will be prepared to discuss progress on the timetable and identify additional steps taken towards separation.