

South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, September 8, 2020 @ 5:30 p.m.

Agenda

“At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code.”

- I. Approval of August 11, 2020 Finance, Audit, and Human Resources Committee Minutes.....1-34
- II. Review and Action as Necessary on Award of Proposals, Purchases, and Renewals.....35-75
- III. Review and Action as Necessary on Disposal of Surplus Property and to Write-off Obsolete Fixed Assets/Capital Assets Valued at \$5,000 and Over....76-85
- IV. Review and Update on Clery Act and Violence Against Women Act (VAWA) Compliance.....86-98
- V. Review and Recommend Acceptance of Internal Audit Report in the Area of Clery Act and Violence Against Women Act (VAWA)99-122
- VI. Review and Recommend Acceptance of Internal Audit Annual Report for FY 2020 123-135
- VII. Review and Discussion of the Texas Higher Education Coordinating Board Report on the Fiscal Year 2018 - 2019 Financial Condition Analysis of Texas Public Community College Districts 136-178

**Approval of August 11, 2020 Finance, Audit, and Human Resources Committee
Minutes**

The Minutes for the Finance, Audit, and Human Resources Committee Meeting of August 11, 2020 are presented for Committee approval.

**South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, August 11, 2020 @ 5:30 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, August 11, 2020 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 5:30 p.m. with Mr. Roy de León presiding.

Members present: Ms. Rose Benavidez, Mr. Paul R. Rodriguez, and Mr. Rene Guajardo

Other Trustees Present: Dr. Alejo Salinas, Jr.

Members absent: None

Also present: Dr. Shirley A. Reed, Mr. Jesus Ramirez, Mrs. Mary Elizondo, Dr. David Plummer, Mr. Matthew Hebbard, Mr. Daniel Ramirez, Ms. Myriam Lopez, Mrs. Becky Cavazos, Mr. Miguel Carranza, Lt. Ruben Suarez, Mr. George McCaleb, Mr. Lucio Gonzalez, Ms. Katarina Bugariu, Ms. Alina Cantu, Mr. Tom Logan, Mr. Keith Moore, and Mr. Andrew Fish.

**Approval of July 14, 2020 Finance, Audit, and Human Resources
Committee Minutes**

Upon a motion by Mr. Rene Guajardo and a second by Mr. Paul R. Rodriguez, the Minutes for the Finance, Audit, and Human Resources Committee Meeting of July 14, 2020 were approved as written. The motion carried.

**Review and Discussion of Mission Economic Development Authority
(MEDA) Scholarship Fund Trust with Edward Jones for Student
Scholarships and Report on Funds Distributed**

A report on the Mission Economic Development Authority (MEDA) Scholarship Fund Trust, which provides scholarships to students living in the City of Mission, and funds distributed was scheduled for presentation.

Purpose – Mr. Keith Moore from Edward Jones attended to present on the status of the MEDA Scholarship Fund Trust, including an overview of the agreement, the annual obligated amount of distribution, the annual net income, and the anticipated annual earnings.

As Mr. Moore began his presentation, the Committee noted that the information being presented did not match the contents published within the Committee packet. Mr. Moore and

administration determined that he was using a different report from his firm than that which had been summarized in the packet.

The Committee postponed the presentation to the August 25, 2020 Regular Board Meeting to provide administration and Mr. Moore additional time to update their records.

Mr. Paul R. Rodriguez also asked Mr. Moore to provide an itemized breakdown of the published fees which were included in the report.

Review and Discussion of Mission Economic Development Authority (MEDA) Scholarship Fund Awards

In 2012, the Mission Economic Development Authority (MEDA) developed a scholarship trust fund to be managed by Edward Jones and to provide scholarship benefits to City of Mission residents pursuing higher education and workforce training at South Texas College.

South Texas College administration prepared a report showing the history of scholarships awarded through the MEDA Scholarship Trust Fund. Administration also provided a summary of the benefit recipients' performance and demographic information.

The history of awards showed that since its inception, the MEDA Scholarship has benefited 505 individual students enrolled at South Texas College. These awards were made for each term from Fall 2013 through Summer 2020, resulting in a total of 1,456 scholarship awards to those 505 students, totaling \$946,400.00.

An included PowerPoint provided a breakdown of graduation/enrollment status, showing that of these 505 students, 78.8% (398 students) had either graduated or were still enrolled, while the remaining 21.2% (107 students) were not enrolled in Summer 2020 and had not yet graduated. This was a greater retention rate than the general population, which may indicate the pivotal role these funds played in helping these students stay in their program of study through completion.

Mike Carranza, Interim Dean of Enrollment Services, presented the update on the revenue and distribution of the scholarship funds. Additional data was provided in the packet to showcase the demographic profile of the MEDA Scholarship participants. These demographic profiles were provided to demonstrate the impact that the availability of these funds had in helping provide access to higher education for students who had a greater need for financial support, and were highly motivated and successful when that support was available.

Detailed reporting of the scholarship disbursements from the MEDA Scholarship Trust Fund distributions since Fall 2013 was provided for the Committee's review. These distributions were drawn from the interest on the invested principal, as managed by Edward Jones. There was a balance of \$383,358.41 available for scholarship disbursements to support Mission students work toward their academic and workforce goals in Fall 2020.

The MEDA Scholarship was advertised to eligible students through the College's scholarship website, the Mission CISD, and announcements in various media outlets, as identified below:

- STC Scholarship website
- STC Social Media Accounts
- Texas Border Business
- Rio Grande Guardian
- Mission CISD
- 710 KURV
- Telemundo 40
- The Monitor
- Progress Times
- Direct Mail
- Email

Mr. Paul R. Rodriguez noted that a significant population of students attending Sharyland ISD resided in the City of Mission, and might be eligible for the MEDA Scholarship. He asked whether Sharyland ISD was included in the communication efforts. Administration noted that they had included Sharyland ISD, and would update the information when it was reported to the Board on August 25, 2020.

Enclosed Documents – The PowerPoint presenting student demographic information was provided in the packet for the Committee's information and review.

The two Summary of Activity Reports were reviewed by the Vice President for Finance and Administrative Services, the Comptroller, and the Interim Dean of Enrollment Services.

This information was provided to the Finance, Audit, and Human Resources Committee for review and discussion, and feedback to staff, and no action was requested at this time.

Review and Recommend Action as Necessary on Interlocal Agreement for Transportation Services between South Texas College and the Lower Rio Grande Valley Development Council for Fall 2020 Semester

Approval of the Interlocal Agreement for the Jag Express Intercampus Transportation Services between South Texas College and the Lower Rio Grande Valley Development Council (LRGVDC) for the Fall 2020 Semester, a four-month period of September 1, 2020 through December 31, 2020, would be requested at the August 25, 2020 Board meeting.

Background – The Interlocal Agreement for the Jag Express Intercampus Transportation Services was approved on August 27, 2019 for the period of September 1, 2019 through August 31, 2020.

The services included routes to the Starr County Campus (Green Lines) and Mid Valley Campus (Purple Line), which were operated by the LRGVDC.

In addition, the services included the Circulator (Yellow) routes operated by the College. The Circulator route provided transportation between the College's Pecan Campus, Technology Campus and Nursing and Allied Health Campus.

At the August 6, 2020 Special Board meeting, the Board of Trustees approved the Fall 2020 semester transportation services plan, which included the following:

- 1) The LRGVDC would fund all the costs for the Green Line and Purple Line.
- 2) CARES Act Funds carried over from FY 2020 and federal/state grant contributions received for the LRGVDC would be used to defray the cost of the Yellow Line.

The estimated Fall 2020 Semester costs by transportation routes were as follows:

Transportation Routes	LRGVDC	South Texas College		
	Operating Cost for System	Operating Cost for System	CARES Act & Grant Contribution	Net Cost
Starr (Green)	\$195,121	\$ -	\$ -	\$ -
Mid Valley (Purple)	63,019	-	-	-
Circulator (Yellow)	-	99,547	76,244	23,303
Total	\$258,140	\$99,547	\$76,244	\$23,304

The CARES Act and Federal/State Grant Contributions in the amount of \$76,244 represented (1) funding for operating expenses, such as fuel, and salaries and benefits from bus drivers and other transportation staff, and (2) expenses related to preventive maintenance such as tire maintenance, full service oil changes, vehicle battery replacement, and yearly vehicle state inspection. The CARES Act funding covered 100% of the above expenses until exhausted. The Federal/State Funds received from the LRGVDC would reimburse (1) and (2).

Justification - The Interlocal Agreement was intended to establish an intercampus bus route to serve all of the College's campuses. The bus routes would benefit students, faculty, and staff of South Texas College and thereby serve the goals of both organizations by facilitating access to the College and its educational programs and increasing the use of public transportation in the area.

Funding Source - Funds for this expenditure were budgeted in the Student Transportation Services budget for FY 2020 - 2021.

Reviewers – The Interlocal Agreement was reviewed by Mr. Tom Logan, Director of Valley Metro at the Lower Rio Grande Valley Development Council, Vice President for Finance and Administrative Services, Chief Administrator for Department of Public Safety, Comptroller, and by the College's Legal Counsel.

Enclosed Documents - A copy of the Interlocal Agreement and Ridership was provided in the packet for the Committee's information and review.

Tom Logan from the Lower Rio Grande Development Council (LRGVDC), and Mary Elizondo, Vice President for Finance and Administrative Services, were available at the August 11, 2020 Finance and Human Resources committee meeting to address any questions by the committee.

Upon a motion by Mr. Roy de León and a second by Mr. Rene Guajardo, the Finance and Human Resources Committee recommended Board approval of the proposed Interlocal Agreement between South Texas College and the Lower Rio Grande Valley Development Council (LRGVDC) for Fall 2020 Semester, a four-month period of September 1, 2020 through December 31, 2020, as presented. The motion carried.

Review and Action as Necessary on Award of Proposals, Purchases, and Renewals

Approval of the following award of proposals, purchases, and renewals would be requested at the August 25, 2020 Board meeting.

The Director of Purchasing reviewed each item, including the procurement procedures and evaluation of all responses, and recommended approval as follows.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the award of proposals, purchases, and renewals as listed below:

A. Award of Proposals

- 1) Glass, Plexiglass, and Installation (Award):** award the proposal for glass, plexiglass, and installation for the period beginning August 26, 2020 through August 25, 2021 with two one-year options to renew, at an estimated amount of \$100,000.00. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)
FDG Construction (Mission, TX)	G & S Glass, LLC. (Edinburg, TX)
Gateway Printing & Office Supply, Inc. (Edinburg, TX)	Luna Glass, LLC. (McAllen, TX)
R. E. Friedrichs Company (Pharr, TX)	Risica & Sons, Inc. (San Juan, TX)

- 2) Library Materials (Award):** award the proposal for library materials for the period beginning September 1, 2020 through August 31, 2021 with two one-year options to renew, at an estimated amount of \$250,000.00. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)	Vendor (City/State)
ABDO Publishing Company (Edina, MN)	Baker & Taylor, LLC. (Charlotte, NC)	Bound to Stay Bound Books, Inc. (Jacksonville, IL)

Vendor (City/State)	Vendor (City/State)	Vendor (City/State)
Cengage Learning, Inc. (Boston, MA)	Central Programs, Inc./ dba Gumdrop Books (Bethany, MO)	Crabtree Publishing Company (New York, NY)
EBSCO Industries, Inc. (Ipswich, MA)	Ingram Library Services, LLC. (La Vergne, TN)	Lektro, Inc./ dba Escue & Associates (Robstown, TX)
Midwest Library Service (Bridgeton, MO)	Midwest Tape, LLC. (Holland, OH)	Perma-Bound Books (Jacksonville, IL)
ProQuest, LLC. (Ann Arbor, MI)	Rittenhouse Book Distributors, Inc. (King of Prussia, PA)	Scholastic Library Publishing, Inc. (Brookfield, CT)

- 3) **Multifunction Copier Equipment and Service (Award):** award the proposal for multifunction copier equipment and service to **Forged Technology Solutions, LLC.** (McAllen, TX) (New), for the period beginning October 1, 2020 through September 30, 2025 with two one-year options to renew, at an estimated annual amount of \$364,122.48 and a total contract amount of \$1,820,612.40. The current copier contracts annual amount is \$386,081.40 with a five (5) year total amount of \$1,930,407.00. This award would provide an annual savings of \$21,958.92 and an estimated five (5) year savings of \$109,794.60;
- 4) **Office Supplies (Award):** award the proposal for office supplies for the period beginning October 1, 2020 through September 30, 2021 with two one-year options to renew, at an estimated amount of \$300,000.00. The vendors are as follows:
- Primary: Gateway Printing & Office Supply, Inc. (Edinburg, TX)
 - Secondary: **Copy Plus** (McAllen, TX)
- 5) **Printing Projects (Award):** award the proposal for printing projects and general purpose printing for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$114,000.00.
- 6) **Purchase and Installation of Culinary Arts Equipment (Award):** award the proposal for the purchase and installation of culinary arts equipment to Southwest Texas Equipment Distributors, Inc./ dba Mission Restaurant Supply (San Antonio, TX), at a total amount of \$79,087.00;
- 7) **Purchase of Welding Supplies (Award):** award the proposal for the purchase of welding supplies for the period beginning October 1, 2020 through September 30, 2021 with two one-year options to renew, at an estimated amount of \$80,000.00. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)
Airgas USA, LLC. (McAllen, TX)	Alamo Iron Works (Brownsville, TX)
Industrial Supplier Larey, Inc./ dba International Industrial Supply, Co. (Brownsville, TX)	Matheson (San Benito, TX)
Praxair Distribution, Inc. (Pharr, TX)	

B. Purchases and Renewals (B-a. Non-Instructional Items)

- 8) Furniture (Purchase):** purchase furniture from OMNIA Partners formerly the National Intergovernmental Purchasing Alliance (NIPA), Sourcewell, and The Interlocal Purchasing System (TIPS) purchasing cooperatives, at a total amount of \$222,375.99;

#	Vendor	Amount
A	Allsteel, Inc. / Broussard Group (Muscatine, IA/San Antonio, TX)	\$6,933.49
B	Datum Filing Systems, Inc. / Gateway Printing and Office Supply, Inc. (Edinburg, TX)	\$5,204.70
C	Exemplis Corporation / Gateway Printing and Office Supply, Inc. (Cypress, CA / Edinburg, TX)	\$13,988.80
D	The Hon Company / Gateway Printing and Office Supply, Inc. (Muscatine, IA / Edinburg, TX)	\$13,455.41
E	Krueger International, Inc. / Gateway Printing and Office Supply, Inc. (Green Bay, WI / Edinburg, TX)	\$169,583.04
F	National Office Furniture / Gateway Printing and Office Supply, Inc. (Jasper, IN / Edinburg, TX)	\$13,210.55
Furniture Total		\$222,375.99

- 9) Heating, Ventilation, and Air Conditioning (HVAC) Related Services (Purchase):** purchase heating, ventilation, and air conditioning (HVAC) related services from **Pro Tech Mechanical, Inc.** (Corpus Christi, TX), a TIPS Purchasing Cooperative approved vendor, for the period beginning August 26, 2020 through August 25, 2021, at an estimated amount of \$50,000.00;

- 10) Promotional Items for Student Outreach (Renewal):** renew the promotional items for student outreach contracts, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$70,000.00. The vendors are as follows:

- a. Authentic Promotions.com (Carmichael, CA)
- b. Imprezos Pro Uniforms, LLC. (Pharr, TX)
- c. Promo Universal, LLC. (Corpus Christi, TX)

- 11) Promotional T-Shirts for Student Outreach (Renewal):** renew the promotional t-shirts for student outreach, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$58,000.00. The vendors are as follows:

- a. Authentic Promotions.com (Carmichael, CA)
- b. Ad-Wear & Specialty of Texas, Inc. (Houston, TX)
- c. Imprezos Pro Uniform, LLC. (Pharr, TX)
- d. Images In Ink (McAllen, TX)

B. Purchases and Renewals (B-b. Technology Items)

- 12) Banner Application Maintenance Agreement (Renewal):** renew the Banner application maintenance agreement with Ellucian, Inc. through **Texas A&M University – Corpus Christi** (Corpus Christi, TX), acting by and through the State of Texas

Department of Information Resources (DIR) for the Texas Consortium (TCC), for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$394,715.44;

- 13)Data Hosting and Maintenance Agreement (Renewal):** renew the data hosting and maintenance agreement with **TouchNet Information Systems, Inc.** (Lenexa, KS), a sole source vendor, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$246,497.00;
- 14)Email Security Software Licenses (Renewal):** renew the email security software licenses with **SHI Government Solutions** (Austin, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning September 30, 2020 through September 29, 2021, at a total amount of \$39,219.60;
- 15)Enterprise Antivirus, Web and Network Security Protection Software, Maintenance, and Support Agreement (Renewal):** renew the enterprise antivirus, web and network security protection software, maintenance, and support agreement with **SHI Government Solutions** (Austin, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning September 1, 2020 through August 31, 2023, at a total amount of \$438,163.50. The College will realize a significant savings of \$146,056.16 by accepting a multi-year agreement;
- 16)Enterprise Software Licenses and Maintenance Agreements (Renewal):** renew the enterprise software licenses and maintenance agreements with **SHI Government Solutions** (Austin, TX), a State of Texas Department of Information Resources (DIR) and Texas Association of School Boards (TASB) – Buyboard approved vendor, for the period beginning September 1, 2020 and August 31, 2021, at a total amount of \$70,908.20;
- 17)Internet Service Agreement – Pecan Campus (Renewal):** renew the internet service agreement – Pecan Campus with Spectrum Enterprise through the State of Texas **Department of Information Resources (DIR) – TEXAN** (Austin, TX), for the period beginning September 1, 2020 through August 31, 2021, at a monthly amount of \$15,000.00 and estimated annual amount of \$180,000.00;
- 18)Network Hardware and Software Maintenance Agreement (Renewal):** renew the network hardware and software maintenance agreement with **Insight Public Sector** (Tempe, AZ), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning September 1, 2020 through August 31, 2021, at a total amount of \$203,190.88;
- 19)Oracle License Maintenance Agreement (Renewal):** renew the Oracle license maintenance agreement with **Oracle America, Inc.** (Dallas, TX), a State of Texas Department of Information Services (DIR) approved vendor, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$478,167.05;
- 20)Public Website Hosting Services Agreement (Renewal):** renew the public website hosting services agreement with **Rackspace US, Inc.** (San Antonio, TX), a State of Texas Department of Information Resources (DIR) approved vendor and a sole source, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$75,000.00;
- 21)Server Hardware Maintenance and Support Agreement (Renewal):** renew the server hardware maintenance and support agreement with **Dell Marketing, LP.** (Dallas,

TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning September 1, 2020 through August 31, 2021, at a total amount of \$86,588.20;

22)VMware Maintenance Agreement (Renewal): renew the VMware maintenance agreement with **Dell Marketing, LP.** (Dallas, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning September 1, 2020 through August 31, 2021, at a total amount of \$64,746.35.

Recommend Action - The total for all award of proposals, purchases, and renewals was \$5,421,271.61.

The motion carried.

Mr. Roy de León abstained from the following two agenda items, and requested that Mr. Paul R. Rodriguez preside over the meeting until the items were concluded. Mr. Paul R. Rodriguez agreed.

Review and Recommend Action on Primary Bank Depository Services Contract Extension

Approval of Primary Bank Depository Services Contract Extension with BBVA Compass through January 31, 2021 would be requested at the August 25, 2020 Board meeting.

Purpose – To review and obtain approval on the Primary Bank Depository Services Contract Extension with BBVA Compass from September 1, 2020 to January 31, 2021.

Justification – This extension was necessary due to the re-advertisement of the request for proposals, revised proposal evaluation criteria, and to allow sufficient time to complete the evaluations for the new proposals and secure a depository contract.

If a new depository bank was selected, the transition and implementation period would require additional time, since the College would be going through the 2020 fiscal year audit in the Fall.

Background – On June 23, 2020, the Board of Trustees approved proposal solicitation timeline and proposal evaluation criteria. Proposal were advertised on July 1, 2020 and July 8, 2020, and issued to eighteen (18) institutions. On Friday, July 17, 2020, the College received responses from four (4) depository banks.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, and Myriam Lopez, Comptroller, Katarina Bugariu, Associate Comptroller, and Becky Cavazos, Director of Purchasing attended the Committee meeting to address any questions by the Committee.

Mr. Roy de León abstained from the deliberation and action on this item.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the Bank Depository Services Contract Extension with BBVA Compass through January 31, 2021 as presented. The motion carried.

Executive Session:

The South Texas College Board Finance, Audit, and Human Resources Committee convened into Executive Session at 6:03 p.m. in accordance with Chapter 551 of the Texas Government Code for the specific purpose provided in:

- Section 551.071, Consultations with Attorney

1. Discussion and Action as Necessary on Primary Bank Depository Services

Mr. Roy de León abstained from the Executive Session deliberation.

Open Session:

The South Texas College Board Finance, Audit, and Human Resources Committee returned to Open Session at 6:46 p.m. No action was taken in Executive Session.

Discussion and Action as Necessary on Primary Bank Depository Services

Approval to award the proposal for the primary bank depository services to PlainsCapital Bank (McAllen, TX), for the period beginning September 1, 2020 through August 31, 2022, with an option to renew for three additional two (2) year periods was requested.

Purpose – The current bank depository services would expire on August 31, 2020. Approval to award a financial institution contract for bank depository services is needed in order to provide banking services to the College. These services include safekeeping of College funds, a system consisting of checks and electronic payments to students, employees, and vendors, and credit for funds received by the College.

Justification – Depository banks offer the College banking services which includes, but is not limited to, account maintenance, account reconciliation, stop payment, online banking, balance reporting, wire transfers, book transfers, ACH transactions, and positive pay.

Background – The current contract for Bank Depository Services was awarded to BBVA Compass at the July 29, 2014, Board meeting for the period ending August 31, 2016, with two (2) two-year renewal options as follows:

Award	Board Meeting Date	Original Term	Renewal Term
Original	7/29/14	9/1/14 – 8/31/16	2 – two-year options
1 st Renewal	4/28/16		9/1/16 – 8/31/18
2 nd Renewal	5/29/18		9/1/18 – 8/31/20

The College advertised a Request for Proposal (RFP) for the period of September 1, 2020 to August 31, 2022 with three, two-year renewal options, on January 19, 2020 and January 26, 2020. During the Board of Trustees meeting held on May 26, 2020, the Board rejected all proposals that were received and requested a new RFP be issued with revised criteria.

Proposal documents for the revised RFP were advertised on July 1, 2020 and July 8, 2020, and issued to eighteen (18) institutions. Four (4) responses were received on July 17, 2020.

On Friday, July 17, 2020, the College received responses from BBVA, Lone Star National Bank, PlainsCapital Bank, and Texas Regional Bank.

The committee evaluated the proposals based on the revised criteria approved by the Board on June 23, 2020, as listed below:

- 1) The interest rate bid or proposed on time deposits
- 2) Charges for keeping district accounts, records, and reports and furnishing checks
- 3) The Respondent's ability to perform and provide the required and requested services
- 4) The accessibility and locations of the Bank's branches for employees and students in Hidalgo and Starr counties

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, and Myriam Lopez, Comptroller, Katarina Bugariu, Associate Comptroller, and Becky Cavazos, Director of Purchasing attended the August 11, 2020 Finance, Audit and Human Resources Committee meeting to address any questions by the committee.

Enclosed Documents - A summary of the proposals and the evaluation summary were provided in the packet for Committee's information and review.

Mr. Roy de León abstained from the deliberation and action on this item.

Upon a motion by Mr. Paul R. Rodriguez and a second by Mr. Rene Guajardo, the Finance, Audit, and Human Resources Committee recommended Board approval of the proposed revisions to the RFP and evaluation process as discussed in Executive Session.

Mr. Roy de León presided over the remainder of the Committee meeting.

Discussion and Action as Necessary on Proposed Unrestricted Fund Budget Amendment for FY 2019 – 2020

Approval of a proposed Unrestricted Fund budget amendment for FY 2019 – 2020 would be requested at the August 25, 2020 Board Meeting.

The proposed budget amendment was necessary for the following reasons:

1. To adjust the Unrestricted Fund expenditure budgets due to the receipt of funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act legislation.
2. To increase the Unrestricted Fund revenue and expenditure budget due to the receipt of funds from the Lower Rio Grande Valley Development Council (LRGVDC) of the Coronavirus Aid, Relief and Economic Security (CARES) Act Funds Allocated for Federal Transit Authority (FTA).

The budget amendment was proposed as follows:

1. Budget Amendment – Adjust the Unrestricted Fund Expenditures Budgets Due to the Receipt of CARES Funds

The College received an allocation of \$10,011,199 in institutional funds as part of the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act to cover any costs incurred by the College associated with significant changes to the delivery of instruction due to coronavirus. The institutional funds received by the College will be allocated between the Unrestricted Fund and the Auxiliary Fund based on costs that have been identified to have a clear nexus to significant changes to the delivery of instruction due to the coronavirus. The College has identified costs totaling \$9,978,140 in the Unrestricted Fund that will be funded by the CARES Act institutional funds allocation.

Fiscal Year 2019 – 2020

Summary of Unrestricted Fund Increase/(Decrease) by Classification

<u>Classification</u>	<u>Increase/(Decrease)</u>
Expenditures	
Salaries	\$ (7,855,885)
Benefits	(2,076,807)
Operating	(45,448)
Transfers & Reserves	9,978,140
Total Expenditures Increase/(Decrease)	<u>\$ -</u>

A. Salary Expense Budget Decrease

- The salary expense budget will be decreased by \$7,855,885, from \$105,051,056 to \$97,195,171. The salary expense budget decrease is based on the institutional salary costs for faculty that transitioned to online instruction during the Spring 2020 semester due to coronavirus and specific staff departments that could not perform

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their duties remotely during the College closure associated with coronavirus. The amount reduced from the salary expense budget will be transferred to the Fund Balance Reserve.

Fiscal Year 2019 – 2020
Unrestricted Fund Salary Expenditures

Salary Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Salaries	\$105,051,056	\$97,195,171	\$(7,855,885)

B. Benefits Budget Decrease

- The benefits expense budget will be decreased by \$2,076,807, from \$29,255,853 to \$27,179,046. The benefits expense budget increase is based on the institutional benefit costs for faculty that transitioned to online instruction during the Spring 2020 semester due to coronavirus and specific staff departments that could not perform their duties remotely during the College closure associated with coronavirus. The amount reduced from the benefits expense budget will be transferred to the Fund Balance Reserve.

Fiscal Year 2019 – 2020
Unrestricted Fund Benefit Expenditures

Benefit Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Benefits	\$29,255,853	\$27,179,046	\$(2,076,807)

C. Operating Budget Decrease

- The operating expense budget will be decreased by \$45,448, from \$36,259,252 to \$36,213,804. The operating expense budget will decrease by \$45,448 and is based on the institutional costs for expanding distance learning instruction and for providing additional tutors to students due to coronavirus. The amount reduced from the operating expense budget will be transferred to the Fund Balance Reserve.

Fiscal Year 2019 – 2020
Unrestricted Fund Operating Expenditures

Operating Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Operating	\$36,259,252	\$36,213,804	\$(45,448)

D. Transfers & Reserves Budget Increase

- The Transfers & Reserves budget will be increased by \$9,978,140, from \$5,949,704 to \$15,927,844 due to the transfer of funds from the salary, benefits, operating, and capital accounts to the Fund Balance Reserve. The funds in the Fund Balance Reserve reflect the institutional funds the College received as part of the allocation from the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act and will increase the unrestricted fund balance by \$9,978,140.

Fiscal Year 2019 – 2020
 Unrestricted Fund Transfers & Reserves

Transfers & Reserves	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Transfers & Reserves	\$5,949,704	\$15,927,844	\$9,978,140

The fund balance for the Unrestricted Fund will increase by \$9,978,140 due to the institutional funds the College received as part of the allocation from the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act.

2. Budget Amendment – Increase the Unrestricted Fund Revenue Budget and the Unrestricted Fund Expenditures Budget Due to the Receipt of LRGVDC CARES Act FTA Funds

The College received an allocation of \$297,624 in urbanized area formula funds from LRGVDC as part of the CARES Act Funds Allocated for Federal Transit Authority to cover transportation services costs incurred by the College. The funds received by the College would be used as reimbursement for eligible transportation service expenditures in the Unrestricted Fund. The College has identified costs totaling \$246,845 in Fiscal Year 2019 – 2020 that would be funded by the LRGVDC CARES Act FTA Funds. The unused portion of the allocation in the amount of \$50,779 would be carried over to Fiscal Year 2020 – 2021.

Fiscal Year 2019 – 2020
 Summary of Unrestricted Fund Increase/(Decrease) by Classification

Classification	Increase/(Decrease)
Revenues	
Shuttle System Contribution	\$246,845
Total Revenue Increase	\$246,845
Transfers & Reserves	
Fund Balance Reserve	\$246,845
Total Transfers & Reserves Increase	\$246,845

A. Other Revenues Budget Increase

- The Other Revenues budget will be increased by \$246,845 due to the increase to the Shuttle System Contribution for the funds the College received as reimbursement from the LRGVDC CARES Act Funds Allocated for Federal Transit Authority.

B. Transfers & Reserves Budget Increase

- The Transfers & Reserves budget will be increased by \$246,845 due to the increase to the Fund Balance Reserve for the funds the College received as reimbursement from the LRGVDC CARES Act Funds Allocated for Federal Transit Authority. The fund balance for the Unrestricted Fund will increase by \$246,845 due to the LRGVDC CARES Act FTA Funds.

3. Summary of Proposed Budget Amendment – Revenues and Expenditures

As a result of the proposed budget amendment, the total budgeted revenues and expenditures for fiscal year 2019 – 2020 would increase as follows:

Fiscal Year 2019 – 2020

Summary of Proposed Amendment – Revenues and Expenditures

Fund	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Unrestricted Fund	\$181,730,329	\$181,977,174	\$246,845

The budget amendment was provided in the packet for the Committee's information and review.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services presented the Proposed Budget Amendment for FY 2019 – 2020.

Upon a motion by Mr. Rene Guajardo and a second by Ms. Rose Benavidez, the Finance and Human Resources Committee recommended Board approval of the proposed Unrestricted Fund budget amendment for FY 2019 - 2020, as presented.

**Discussion and Action as Necessary on Proposed Restricted Fund
Budget Amendment for FY 2019 – 2020**

Approval of a proposed Restricted Fund budget amendment for FY 2019 – 2020 would be requested at the August 25, 2020 Board Meeting.

The proposed budget amendment was necessary:

- To increase the Restricted Fund revenue and expenditure budgets due to the receipt of funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act legislation.

The budget amendment was proposed as follows:

Budget Amendment – Increase the Restricted Fund Revenues and Expenditures Budgets Due to the Receipt of CARES Funds

Fiscal Year 2019 – 2020

Summary of Restricted Fund Increase/(Decrease) by Classification

Classification	Increase/(Decrease)
Revenues	
HEERF Cares Act - Institutional	\$ 10,011,199
HEERF Cares Act - Student	4,372,800
Total Revenue Increase	<u>\$ 14,383,999</u>
Expenditures	
Salaries	\$ 7,878,991
Benefits	2,086,760
Operating	45,448
Scholarships	4,372,800
Total Expenditures Increase	<u>\$ 14,383,999</u>

A. Restricted Revenue Budget Increase

- The Restricted Fund revenue budget will be increased by \$14,383,999, from \$81,031,544 to \$95,415,543. The revenue budget will be adjusted as follows:
 - The HEERF Cares Act – Institutional fund revenue budget will be added to the Restricted Fund in the amount of \$10,011,199. The revenue addition is necessary since the College received institutional funds as part of the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act. The funds will be used to cover any costs incurred by the College during FY 2019 - 2020 associated with significant changes to the delivery of instruction due to the coronavirus.
 - The HEERF Cares Act – Student fund revenue budget will be added to the Restricted Fund in the amount of \$4,372,800. The revenue addition is necessary since the College received funds for emergency financial aid to students as part of the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act. The funds will be used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus. The College was allocated a total of \$10,011,199 and has awarded \$4,372,800 to students for the Spring 2020 term. The remaining allocation of \$5,638,999

will be awarded to students in FY 2020 – 2021 and will be included in the FY 2020 – 2021 restricted budget.

B. Salary Expense Budget Increase

- The salary expense budget will be increased by \$7,878,991, from \$2,370,421 to \$10,249,412. The salary expense budget increase is based on the institutional salary costs for faculty that transitioned to online instruction during the Spring 2020 semester due to coronavirus and specific staff departments that could not perform their duties remotely during the College closure associated with coronavirus. The salary expense budget increase is funded by the HEERF Cares Act – Institutional fund allocation.

Fiscal Year 2019 – 2020
Restricted Fund Salary Expenditures

Salary Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Salaries	\$2,370,421	\$10,249,412	\$7,878,991

C. Benefits Budget Increase

- The benefits expense budget will be increased by \$2,086,760, from \$800,052 to \$2,886,812. The benefits expense budget increase is based on the institutional benefit costs for faculty that transitioned to online instruction during the Spring 2020 semester due to coronavirus and specific staff departments that could not perform their duties remotely during the College closure associated with coronavirus. The benefits expense budget increase is funded by the HEERF Cares Act – Institutional fund allocation.

Fiscal Year 2019 – 2020
Restricted Fund Benefit Expenditures

Benefit Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Benefits	\$800,052	\$2,886,812	\$2,086,760

D. Operating Budget Increase

- The operating expense budget will be increased by \$45,448, from \$2,694,264 to \$2,739,712. The operating expense budget increase is based on the institutional costs for expanding distance learning instruction and for providing additional tutors to students due to coronavirus. The operating expense budget increase is funded by the HEERF Cares Act – Institutional fund allocation.

Fiscal Year 2019 – 2020
Restricted Fund Operating Expenditures

Operating Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Operating	\$2,694,264	\$2,739,712	\$45,448

E. Scholarship Budget Increase

- a. The scholarship expense budget will be increased by \$4,372,800 from \$74,448,298 to \$78,821,098. The scholarship expense budget increase is based on the emergency financial aid awarded to students for the Spring 2020 term. The scholarship expense budget increase is funded by the HEERF Cares Act – Student fund allocation.

Fiscal Year 2019 – 2020
Restricted Fund Scholarship Expenditures

Scholarship Expenditures	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Total Scholarship	\$74,448,298	\$78,821,098	\$4,372,800

As a result of the proposed budget amendment, the total budgeted revenues and expenditures for fiscal year 2019 – 2020 will increase as follows:

Fiscal Year 2019 – 2020
Budgeted Revenues and Expenditures

Fund	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Restricted Fund	\$81,031,544	\$95,415,543	\$14,383,999

The budget amendment was provided in the packet for the Committee's information and review.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services presented the Proposed Budget Amendment for FY 2019 – 2020.

Upon a motion by Ms. Rose Benavidez and a second by Mr. Rene Guajardo, the Finance and Human Resources Committee recommended Board approval of the proposed Restricted Fund budget amendment for FY 2019 - 2020, as presented. The motion carried.

Discussion and Action as Necessary on Proposed Auxiliary Fund Budget Amendment for FY 2019 - 2020

Approval of a proposed Auxiliary Fund budget amendment for FY 2019 – 2020 would be requested at the August 25, 2020 Board Meeting.

The proposed budget amendment was necessary for the following reasons:

1. To reduce the Auxiliary Fund revenue and expenditure budgets due to the reduction and suspension of services. The Auxiliary Fund needs to be reduced to reflect the decrease in commission revenues, ceased operations related to the COVID-19 pandemic, and the waiver of the Student Activity Fee for the Summer 2020 term.
2. To allocate \$100,000 from the Auxiliary Fund Balance to establish a Micro Grant Scholarship Fund to support student enrollment in the Fall 2020 semester as approved by the Board on May 26, 2020.
3. To adjust the Auxiliary Fund expenditure budgets due to the receipt of funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act legislation. The College received an allocation of \$10,011,199 in institutional funds as part of the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act to cover any costs incurred by the College associated with significant changes to the delivery of instruction due to coronavirus. The institutional funds received by the College will be allocated between the Unrestricted Fund and the Auxiliary Fund based on costs that have been identified to have a clear nexus to significant changes to the delivery of instruction due to the coronavirus. The College has identified costs totaling \$33,059 in the Auxiliary Fund that will be funded by the CARES Act institutional funds allocation.

The budget amendment was proposed as follows:

1. Budget Amendment – Reduce the Auxiliary Fund Revenues and Expenditures Budgets Due to the Reduction and Suspension of Services

Fiscal Year 2019 – 2020

Summary of Auxiliary Fund Increase/(Decrease) by Classification

Classification	Increase/(Decrease)
Revenues	
Bookstore	\$(176,827)
Food Services	(449,131)
Mid-Valley Child Care & Development Center	(126,333)
Vending Machines	(35,989)
Student Activity Fee	(198,570)
Total Revenue Reduction	<u><u>\$(986,850)</u></u>

Expenditures	
Salaries	\$(311,747)
Benefits	(49,073)
Operating	(584,253)
Travel	(41,777)
Total Expenditures Reduction	<u>\$(986,850)</u>

A. Auxiliary Revenue Budget Reduction

- The Auxiliary Fund revenue budget will be reduced by \$986,850 due to the decrease in commission revenues, ceased operations related to the COVID-19 pandemic, and the waiver of the Student Activity Fee for the Summer 2020 term. The revenue budget will be adjusted as follows:
 - The Bookstore revenue budget will be reduced by \$176,827. The revenue reduction is necessary because of the negative impact the COVID-19 pandemic is having on the sales volume of Barnes & Noble, the College's contracted bookstore.
 - The Food Services revenue budget will be reduced by \$449,131. The revenue reduction is necessary because all food service operations have ceased since March 23, 2020 in response to the COVID-19 pandemic.
 - The Mid-Valley Child Care & Development Center revenue budget will be reduced by \$126,333. The revenue reduction is necessary because the Childcare Center operations have ceased since March 23, 2020 in response to the COVID-19 pandemic.
 - The Vending Machines revenue budget will be reduced by \$35,989. The revenue reduction is necessary because vending machine operations are expected to decrease in light of the COVID-19 pandemic.
 - The Student Activity Fee revenue budget will be reduced by \$198,570. The revenue reduction is necessary since the College is waiving the Student Activity Fee for the Summer 2020 term due to the COVID-19 pandemic resulting in employees working from home and students not being on campus.

B. Salary Expense Budget Reduction

- The salary expense budget would be decreased by \$311,747.

Fiscal Year 2019 – 2020
Auxiliary Fund Salary Expenditures

Salary Expenditures	Increase/ (Decrease)
Food Services	\$(231,624)
Mid-Valley Child Care & Development Center	(80,123)
Total Salary Reduction	<u>\$(311,747)</u>

C. Benefits Budget Reduction

- The benefits expense budget would be decreased by \$49,073.

Fiscal Year 2019 – 2020
Auxiliary Fund Benefit Expenditures

Benefit Expenditures	Increase/ (Decrease)
Food Services	\$(24,019)
Mid-Valley Child Care & Development Center	(25,054)
Total Benefits Reduction	\$(49,073)

D. Operating Budget Reduction

- The operating expense budget would be decreased by \$584,253.

Fiscal Year 2019 – 2020
Auxiliary Fund Operating Expenditures

Operating Expenditures	Increase/ (Decrease)
Food Services	\$(189,230)
Mid-Valley Child Care & Development Center	(20,537)
Student Activities & Wellness	(161,670)
Non Self-Sustaining Organizations	(212,816)
Total Operating Reduction	\$(584,253)

E. Travel Budget Reduction

- The travel expense budget would be decreased by \$41,777.

Fiscal Year 2019 – 2020
Auxiliary Fund Travel Expenditures

Travel Expenditures	Increase/ (Decrease)
Food Services	\$ (4,258)
Mid-Valley Child Care & Development Center	(619)
Student Activities & Wellness	(36,900)
Total Travel Reduction	\$(41,777)

2. Budget Amendment – Allocate \$100,000 from the Auxiliary Fund Balance to Establish a Micro Grant Scholarship Fund

Fiscal Year 2019 – 2020

Summary of Auxiliary Fund Increase/(Decrease) – Micro Grant Scholarship

Classification	Increase/(Decrease)
Revenues	
Fund Balance Allocation – Micro Grant Scholarships	\$100,000
Total Revenue Increase	\$100,000
Expenditures	
Institutional Scholarships	\$100,000
Total Expenditures Increase	\$100,000

A. Auxiliary Revenue Budget Increase

- The Auxiliary Fund revenue budget would be increased by \$100,000 to establish a Micro Grant Scholarship Fund funded from the Auxiliary Fund Balance.
 - The Fund Balance – Micro Grant Scholarship revenue budget will be added to the Auxiliary Fund revenue budget in the amount of \$100,000. The addition of the revenue is needed to fund the Micro Grant Scholarships that will be awarded by the College for the Fall 2020 semester and approved by the Board on May 26, 2020.

B. Institutional Scholarship Budget Increase

- The scholarship expense budget would be increased by \$100,000 from \$8,500 to \$108,500.

Fiscal Year 2019 – 2020

Auxiliary Fund Scholarship Expenditures

Institutional Scholarships Expenditures	Increase/(Decrease)
Micro Grant Institutional Scholarship	\$100,000

3. Budget Amendment – Adjust the Auxiliary Fund Expenditure Budgets due to the Receipt of Funds Provided by the CARES Act Legislation

Fiscal Year 2019 – 2020

Summary of Auxiliary Fund Increase/(Decrease) – CARES Act

Classification	Increase/(Decrease)
Expenditures	
Salaries	\$(23,106)
Benefits	(9,953)
Reserves	33,059
Total Expenditures Increase/(Decrease)	\$ -

A. Salary Expense Budget Decrease

- The salary expense budget would be decreased by \$23,106. The salary expense budget decrease is based on the institutional salary costs for staff departments that could not perform their duties remotely during the College closure associated with coronavirus. The amount reduced from the salary expense budget would be transferred to the Fund Balance Reserve.

B. Benefits Budget Decrease

- The benefits expense budget would be decreased by \$9,953. The benefits expense budget decrease is based on the institutional benefit costs for specific staff departments that could not perform their duties remotely during the College closure associated with coronavirus. The amount reduced from the benefits expense budget would be transferred to the Fund Balance Reserve.

C. Reserves Budget Increase

- The reserves expense budget would increase in total by \$33,059. The reserves budget increase is due to the transfer of funds from the salary and benefits accounts to the Fund Balance Reserve. The funds in the Fund Balance Reserve reflect the institutional funds the College received as part of the allocation from the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act and would increase the auxiliary fund balance by \$33,059.

4. Summary of Proposed Budget Amendment – Revenues and Expenditures/Fund Balance

As a result of the proposed budget amendment, the total budgeted revenues and expenditures for fiscal year 2019 – 2020 would decrease as follows:

Fiscal Year 2019 – 2020

Summary of Proposed Amendment – Revenues and Expenditures

Classification	Increase/(Decrease)
Revenues and Fund Balance Allocations	
Bookstore	\$(176,827)
Food Services	(449,131)
Mid-Valley Child Care & Development Center	(126,333)
Vending Machines	(35,989)
Student Activity Fee	(198,570)
Fund Balance-Micro Scholarship	100,000
Total Revenue Reduction	<u>\$(886,850)</u>
Expenditures	
Salaries	\$(334,853)
Benefits	(59,026)
Operating	(584,253)

Fiscal Year 2019 – 2020

Summary of Proposed Amendment – Revenues and Expenditures

Classification	Increase/(Decrease)
Travel	(41,777)
Institutional Scholarships	100,000
Reserves	33,059
Total Expenditures Reduction	<u>\$(886,850)</u>

The fund balance for the Auxiliary Fund would increase by \$33,059 due to the institutional funds the College received as part of the allocation from the US Department of Education, Higher Education Emergency Relief Fund (HEERF) under the CARES Act.

As a result of the proposed budget amendment, the total budgeted revenues and expenditures for fiscal year 2019 – 2020 would decrease as follows:

Fiscal Year 2019 – 2020

Budgeted Revenues and Expenditures

Fund	FY 2020 Original Budget	FY 2020 Proposed Amended Budget	Increase/ (Decrease)
Auxiliary Fund	\$4,891,952	\$4,005,102	\$(886,850)

The budget amendment was provided in the packet for The Committee's information and review.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services presented the Proposed Budget Amendment for FY 2019 – 2020.

Upon a motion by Mr. Rene Guajardo and a second by Mr. Paul R. Rodriguez, the Finance and Human Resources Committee recommended Board approval of the proposed Auxiliary Fund budget amendment for FY 2019 - 2020, as presented. The motion carried.

Review and Recommend Action on Proposed Unrestricted Fund Budget for FY 2020 – 2021

The packet included the Preliminary Summary of Unrestricted Projected Revenues and Expenditures for FY 2020 - 2021 with comparison to the FY 2019 - 2020 approved budget for the Committee's information and review.

This was a preliminary plan for the next fiscal year that included the following assumptions:

Revenues:

- State appropriations were expected to increase \$1,223,375 in FY 2021. The projected increase was mainly due to the increase in the Higher Education Group Insurance (HEGI) revenue and the Hazlewood Reimbursement revenue being partially offset by the decrease in state contact hour appropriation revenue and other state appropriation revenues consisting of Optional Retirement Plan (ORP) and Teacher Retirement System (TRS). The decrease in state contact hour appropriation revenue was due to the expected 10% reduction in general revenue appropriation requested by the State of Texas. The increase in other state appropriation revenue for HEGI was due to the additional funding that will be requested by the College as a supplemental appropriation in the Legislative Appropriations Request (LAR) in August 2020. The increase in the Hazelwood Reimbursement was based on the projected amount the College will receive according to historical trend. The state contact hour appropriation revenue was based on the state allocation schedules and other state revenues are based on projected funding for eligible employees.

State Appropriations	FY 2020	FY 2021	Increase/ (Decrease)
State Contact Hour Appropriation	\$42,172,061	\$37,954,853	\$(4,217,208)
Other State Appropriation-ORP	575,785	524,004	(51,781)
Other State Appropriation-TRS	2,367,977	2,155,023	(212,954)
Other State Appropriation-HEGI-Year 2	3,329,554	6,159,713	2,830,159
Other State Appropriation-HEGI-Year 1(Reimbursement)	-	2,830,159	2,830,159
Other State Appropriation-Hazlewood Reimbursement	-	45,000	45,000
Total State Appropriation	\$48,445,377	\$49,668,752	\$1,223,375

- Tuition for FY 2021 was based on projected enrollment of 14,511 traditional students, a 25% decrease from Fall 2019, and 14,117 dual enrollment tuition free students for Fall 2020. The projections included the Board approved increase of \$5 per semester credit hour for the Fire Science differential tuition rate and the increase of \$10 per semester credit hour for the Drama differential tuition rate. The FY 2021 tuition revenue projection also included the Board approved addition of differential tuitions for the Law Enforcement program at \$10 per semester credit hour and the Welding program at \$15 per semester credit hour. In total, tuition revenue was projected to decrease approximately \$8,034,725 in FY 2021.

Tuition	FY 2020	FY 2021	Increase/ (Decrease)
Academic & Differential Tuition-Net TPEG	\$34,539,495	\$26,696,844	\$(7,842,651)
Continuing Ed/ATCP/ITED-Net TPEG	3,196,530	3,004,456	(192,074)
Total Tuition	\$37,736,025	\$29,701,300	\$(8,034,725)

- Fees for FY 2021 were based on projected enrollment of 14,511 traditional students, a 25% decrease from Fall 2019, and 14,117 dual enrollment tuition free students for Fall 2020. The projections included the Board approved waiver of the Electronic Distance

Learning Fee for traditional students for the Fall 2020 term, increase of \$1 per semester credit hour for the Information Technology Fee and the increase of \$2 per semester credit hour for the Learning Support Fee. The FY 2021 fee revenue projection also included the Board approved increase of \$5 for the TSI Assessment Exams, increased rates for the TCOLE Licensing Examination fees, Fire Academy, and Police Academy, and the addition of the Welding Certification fee, Information Technology Certification fee, and the American Welding Society Certification Testing fee. The projections indicated a decrease in fees revenue of approximately \$5,522,581 in FY 2021.

Fees	FY 2020	FY 2021	Increase/ (Decrease)
Total Fees	\$28,870,091	\$23,347,510	\$(5,522,581)

- Other revenue was expected to decrease \$2,149,464 in FY 2021. The projected decrease was mainly due to decreased revenue in the Dual Credit Cost Reimbursement, Dual Credit Academy Participation Fee, and interest. The Dual Credit Academy Participation Fee revenue projection decrease was due to the degree plan changes that have negatively impacted enrollment.

Other Revenues	FY 2020	FY 2021	Increase/ (Decrease)
Dual Credit Cost Reimbursement	\$4,454,217	\$4,008,795	\$(445,422)
Dual Credit Academy Participation Fee	454,250	408,825	(45,425)
Interest	2,750,000	1,200,000	(1,550,000)
Administrative Costs and Shuttle System Contribution	783,914	678,717	(105,197)
Testing Commissions	8,520	5,100	(3,420)
Conferences-Continuing, Professional, and Workforce Education	64,742	64,742	-
Total Other Revenues	\$8,515,643	\$6,366,179	\$(2,149,464)

- M&O Property Tax revenue for FY 2021 was expected to decrease \$2,401,153, due to an anticipated decrease in tax collections.

M&O Property Taxes	FY 2020	FY 2021	Increase/ (Decrease)
Total M&O Property Taxes	\$51,707,955	\$49,306,802	\$(2,401,153)

- Carryover Allocations was projected to increase \$3,550,670 in FY 2021. The increase was mainly due to the decreases in the Prior Year M&O Tax Bond Program carryover funded from FY 2015, FY 2016, and FY 2017 M&O tax revenue, the Developmental Studies Book Royalties carryover, and the Unexpended Construction Plant Fund transfer being offset by the increases for the Contingency Fund carryover, the Capital Purchases carryover, the Waived Fee Allocation, and the additional carryover allocations approved by the Board of Trustees on June 23, 2020.

Carryover Allocations	FY 2020	FY 2021	Increase/ (Decrease)
Unexpended Construction Plant Transfer	\$3,000,000	\$2,000,000	\$ (1,000,000)
Continuing, Professional, and Workforce Education	450,000	450,000	-
Capital Purchases	-	723,088	723,088
Contingency Fund	1,813,783	2,000,000	186,217
Developmental Studies Book Royalties	5,455	4,813	(642)
M&O Tax Bond Program 2013 - FFE	1,186,000	-	(1,186,000)
Waived Fee Allocation	-	328,007	328,007
Filled Positions	-	2,000,000	2,000,000
In Person-Hybrid Class Faculty Pay	-	1,500,000	1,500,000
Lecturer Positions	-	1,000,000	1,000,000
Total Carryover Allocations	\$6,455,238	\$10,005,908	\$3,550,670

Expenditures:

- The Salary expenditures budget was proposed to decrease by \$9,447,335 in FY 2021 as follows:

	Changes to FY 2021 Salary Budget	Amount
1.	Net Salary Budget Increase for Critical New Non-Faculty Positions	\$139,312
2.	Changes to Position Salaries due to Vacancies and New Hires during the Fiscal Year 2020	(146,970)
3.	New Pools Funded from Carryover Allocations	1,923,007
4.	Division Position Reductions due to Revenue Decrease	(11,362,684)
	Total	\$(9,447,335)

No across the Board annual salary increases for faculty and staff were recommended.

The division position reductions of \$11,362,684 resulted from the not filling of vacant positions and reducing instructional salary pools.

Additional modifications to salary expenditures including reductions may be necessary prior to final approval of the Staffing Plan by the Board and based on revised revenue projections and subject to the availability of funding and Board approval of the final budget.

- The Benefits expenditures budget for FY 2021 was proposed to decrease by \$1,789,546 due to the decrease in the FY 2021 salary budget.
- The Operating expenditures budget for FY 2021 was proposed to decrease by \$2,310,698 based on the needs of the College's departments and the division reductions due to decreased revenues.

- The Travel expenditures budget for FY 2021 was proposed to decrease by \$204,718. Approximately 25 percent of the travel budget represents local mileage reimbursement for faculty.
- The Capital Outlay expenditures budget for FY 2021 was proposed to decrease by \$1,327,617.
 - ⇒ The capital budget was proposed to decrease by \$141,617 based on the needs of the College's departments.
 - ⇒ In addition, the capital budget was proposed to decrease by \$1,186,000 for equipment for the new bond buildings funded from bond M&O tax revenue.
- The Transfers and Contingencies budget for FY 2021 was proposed to increase by \$1,746,036. The increase was primarily due to the addition of the HEGI Reserve in the amount of \$2,830,159, the \$1,000,000 reduction in the Transfer to Unexpended Plant Fund, and the \$84,123 reduction in the Transfer to the Office of Industry Training and Economic Development (ITED). The HEGI reserve was contingent on the receipt of the additional funding that would be requested by the College as a supplemental appropriation in the Legislative Appropriations Request (LAR) in August 2020.

The Preliminary Summary of Unrestricted Projected Revenues and Expenditures for FY 2020 - 2021 with Comparison to the FY 2019 - 2020 approved budget was provided in the packet for the Committee's review and information. In order to balance the unrestricted fund budget with the reduction in revenues, the College would continue to monitor trends, update projections and reduce expenditures.

Additional changes may be required to the budget revenue and expenditure projections, prior to final presentation to the Board based on revised revenue projections.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, presented the Preliminary Summary of Unrestricted Projected Budget for FY 2020 – 2021 at the August 11, 2020 Finance, Audit, and Human Resources Committee meeting and was available to address any questions by the committee.

Upon a motion by Ms. Rose Benavidez and a second by Mr. Paul R. Rodriguez, the Finance, Audit, and Human Resources Committee recommended Board approval of the proposed Unrestricted Fund Budget for FY 2020 – 2021, as presented. The motion carried.

The College was pending necessary information from the Hidalgo County Tax Assessor to move forward with any discussion of the proposed 2020 Tax Rate. Because this information was not available on the August 11, 2020 Finance, Audit, and Human Resources Committee, administration recommended no action on the following three agenda items:

- Review and Discussion of South Texas College Proposed 2020 Tax Rate**
- Review and Action as Necessary to Take Record Vote and Schedule A Public Hearing Regarding Adoption of the Proposed Tax Rate that Exceeds the Lower of the Non-New-Revenue Rate or the Voter-Approval Rate**
- Review and Recommend Action on Order Adopting the Tax Rate for 2020**

Review and Recommend Acceptance of Internal Auditor's Annual Statement of Organizational Independence

Mr. Khalil Abdullah, Internal Auditor, confirmed the organizational independence of the internal audit activity to the Finance, Audit, and Human Resources Committee as required by applicable IIA *Standard* 1110 as listed below.

The audit organization and the individual auditor should be free in both fact and appearance from personal, external, and organizational impairments to independence. Internal auditors are independent when they can carry out their work freely and objectively. Independence permits internal auditors to render the impartial and unbiased judgments essential to the proper conduct of audits. It is achieved through organizational structure and objectivity.

South Texas College's Office of Internal Audits expects our auditors to comply with professional standards and internal policies and procedures; maintain independence of mental attitude in the conduct of all assigned work; to be objective, fair, and impartial; and to conduct themselves so that auditees and third parties will see our office in this way. Each staff member must promptly notify the Chief Audit Executive (CAE), in writing, concerning any situation that would impair the staff member's or the office's independence on an audit, or that might lead others to question it. The Chief Audit Executive (CAE) describes the person responsible for effectively managing the internal audit activity. At South Texas College, those responsibilities reside with the Internal Auditor.

IIA *Standard* 1110 *Organizational Independence* – The CAE must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The CAE must confirm to the board, at least annually, the organizational independence of the internal audit activity.

IIA Standard 1100 *Independence and Objectivity* – The internal audit activity must be independent, and internal auditors must be objective in performing their work.

Interpretation of Standard 1100 – “Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.”

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, Finance, Audit, and Human Resources Committee recommended Board acceptance of the Internal Auditor’s Statement of Organizational Independence as presented. The motion carried.

Review and Recommend Action on Internal Audit Charter

Approval of the Internal Audit Charter for the period of September 1, 2020 through August 31, 2021 would be requested at the August 25, 2020 Board meeting.

Purpose – An Internal Audit Charter is required by the Institute of Internal Auditors (IIA) *Standards*. Specifically IIA Attribute Standard 1000 states that “The purpose, authority, and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. The chief audit executive must periodically review the Internal Audit Charter and present it to senior management and the board for approval.”

Justification – Approval of the Internal Audit Charter aligns South Texas College’s internal audit function with the IIA *Standards* as prescribed in Manual of Policy 5460.

Background – The Internal Audit Charter is a formal document that defines the internal audit activity’s purpose, authority, and responsibility. The charter establishes the internal audit activity’s position within the organization, including the nature of the internal auditor’s functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the board.

Enclosed Documents – The Internal Audit Charter was provided in the packet for the Committee’s review and discussion.

Dr. Shirley A. Reed, President, Mary Elizondo, Vice President for Finance and Administrative Services, and Khalil Abdullah, Internal Auditor, attended the August 11, 2020 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the Internal Audit Charter for the period of September 1, 2020 through August 31, 2021 as presented. The motion carried.

Review and Discussion of Internal Auditor's Entity-Wide Risk Assessment

Mr. Khalil Abdullah, Internal Auditor, discussed the internal auditor's entity-wide risk assessment.

Purpose – IIA Standard 2010 – Planning – states “The Chief Audit Executive (CAE) must establish a risk based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.” Therefore, an Internal Auditor's Entity-wide Risk Assessment was prepared for the purposes of establishing the audit plan.

Justification – An entity-wide risk assessment was conducted by the Internal Auditor to evaluate each area based on current conditions, circumstances, and management concerns. Management feedback is essential to accurately assess the organization's risks. Input to the risk assessment was requested from the President, vice presidents, and other senior managers. Additionally, management was asked to provide feedback on any areas they felt could benefit from an audit. Based on management's input and the results of the risk assessment, a list of proposed audit projects for FY 2020 has been developed.

In addition, to the Internal Auditor's entity-wide risk assessment, College management is in the process of implementing an Enterprise Risk Management (ERM) plan. Each college department is developing a risk assessment with the goal of identifying, assessing, and controlling risks that may impact achieving the department's objectives. A comprehensive risk library will be developed using the information gathered from department's specific risk assessments.

ERM is the process of coordinated risk management that places an emphasis on cooperation among departments to manage the College's full range of risk as a whole. ERM provides a framework for [risk management](#), which involves identifying particular events or circumstances relevant to the College's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring process.

Enclosed - The risk assessment heat map was provided in the packet for the Committee's review and discussion.

Khalil Abdullah, Internal Auditor, attended the August 11, 2020 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

The Committee noted that the heat map was well designed and provided a valuable risk assessment tool.

No action was required from the Committee. This item was presented for information and feedback.

Review and Recommend Action on Proposed Projects for Internal Auditor for FY 2020 – 2021

Approval of proposed projects for the Internal Auditor for FY 2020 - 2021 would be requested at the August 25, 2020 Board meeting.

Purpose – Staff recommended projects for the Board's consideration for the Internal Auditor's review for Fiscal Year 2020 - 2021. The projects listed below were proposed as the assignments for the Internal Auditor.

- FY 2020 - 2021 (Scheduled)
 1. Fraud Survey
 2. Memorandum of Understanding (MOUs) Early College High Schools and Dual Credit
 3. Banner Computer System Security and Access
 4. Science Lab Safety and Storage Compliance
 5. Human Resources (HR) Processes – Faculty Credentials
 6. Financial Aid – Federal Awards
 7. Contractor Adherence to Prevailing Wage Rate Determination
 8. Faculty Overloads & Stipends
 9. Travel
 10. Purchasing
 11. Teacher Retirement System of Texas (TRS)
 12. Quality Assurance and Improvement Program – External Quality Assurance Review (QAR)
 13. Coronavirus Aid, Relief, and Economic Security (CARES) Act Compliance Review

Enclosed Documents - The list of Internal Audits conducted for FY 2007 - 2008 through FY 2020 - 2021 was provided in the packet for the Committee's information and review.

Dr. Shirley A. Reed, President, Mary Elizondo, Vice President for Finance and Administrative Services, and Khalil Abdullah, Internal Auditor, attended the August 11, 2020 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the proposed projects for the Internal Auditor for FY 2020 - 2021 as presented. The motion carried.

Adjournment

There being no further business to discuss, the Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees adjourned at 7:02 p.m.

I certify that the foregoing are the true and correct Minutes of the August 11, 2020 Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees.

Mr. Roy de León

Review and Action as Necessary on Award of Proposals, Purchases, and Renewals

Approval of the following award of proposals, purchases, and renewals will be requested at the September 22, 2020 Board meeting.

The Director of Purchasing has reviewed each item, including the procurement procedures and evaluation of all responses, and recommends approval as follows:

A. Award of Proposals

B. Purchases and Renewals

a. Instructional Item

b. Non-Instructional Items

c. Technology Items

A. Award of Proposals

1) Beverage Products (Award)

Award the proposal for beverage products to **PepsiCo** (Hidalgo, TX), for the period beginning October 13, 2020 through October 12, 2021 with two one-year options to renew, at an estimated amount of \$50,000.00. The vendor has included an annual sponsorship of \$7,500.00 and product donation of 100 cases.

Purpose – Food Services is requesting to purchase beverage products which will be sold at the cafeterias operated by South Texas College.

Justification and Benefit – The beverage products will be purchased for the South Texas College cafeterias located at the Pecan, Mid Valley, Nursing and Allied Health, and Technology campuses to provide drinks for students, faculty, and staff. This will include selling 20 oz. carbonated drinks, 20 oz. water, 20 oz. Gatorade, 20 oz. tea, 16 oz. energy drinks, and 15.2 oz. juices. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

Background – Proposals documents were advertised on August 12, 2020 and August 19, 2020 and issued to two (2) vendors. One (1) response was received on September 1, 2020 and reviewed by Food Services and the Purchasing Department.

Funds for this expenditure are budgeted in the Food Services Auxiliary budget for FY 2020 - 2021.

2) Fire Training Vehicle Prop with Trailer (Award)

Award the proposal for a fire training vehicle prop with trailer to **Fireblast Global, Inc.** (Corona, CA) (New), at a total amount of \$79,633.00.

Purpose – The Regional Center for Public Safety Excellence (RCPSE) is requesting to purchase a fire training vehicle prop with trailer for student instruction and training at the

Regional Center for Public Safety Excellence. With this equipment, the RCPSE will provide continued training to the Fire Science and Law Enforcement Programs students and will also be able to support the local Fire and Police agencies trainings.

Justification and Benefit – The car fire trainer is a mid-size vehicle with interior seats and dash board accessories. The unit includes an operating hood, doors, and trunk. This unit includes a burner system with controls and training scenarios that includes fires in multiple locations throughout the trainer. It will be the only unit in the Valley that will be utilized for training STC students and valley fire and police agencies. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

Background – Proposal documents were advertised on July 22, 2020 and July 29, 2020 and issued to three (3) vendors. Two (2) responses were received on August 11, 2020 and reviewed by the Fire Science Program and Purchasing Department.

Funds for this expenditure are budgeted in the Regional Center for Public Safety Excellence - State budget for FY 2020 - 2021.

3) Mobile Air Trailer (Award)

Award the proposal for a mobile air trailer to **Sub-Aquatics, Inc./ dba Breathing Air Systems** (Reynoldsburg, OH) (New), at a total amount of \$111,512.00.

Purpose – The Regional Center for Public Safety Excellence (RCPSE) is requesting to purchase a mobile air trailer for student instruction and training at the Regional Center for Public Safety Excellence. It will be used to strengthen the RCPSE training that will be provided and for building stronger relationships with the surrounding community agencies.

Justification and Benefit – The air system will allow for trainees to fill their air tanks on scene without having to leave the training facility to purchase an air refill. It uses Ambient Air, compresses it to develop compressed air which is used to fill the trainees air tanks. The Fire Science and Police Academies plus police and fire agencies will use the system for training. It will include an air supply, lights, a generator, hoses, cylinders, a CO monitor, containment fill station, and compressor. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

Background – Proposal documents were advertised on July 22, 2020 and July 29, 2020 and issued to three (3) vendors. One (1) response was received on August 6, 2020 and reviewed by the Regional Center for Public Safety Excellence and Purchasing Department.

Funds for this expenditure are budgeted in the Regional Center for Public Safety Excellence – State budget for FY 2020 - 2021.

B. Purchases and Renewals (a. Instructional Item)

4) Industrial Supplies, Materials, and Accessories (Renewal)

Renew the industrial supplies, materials, and accessories contracts for the period beginning November 25, 2020 through November 24, 2021, at an estimated amount of \$70,000.00, which is based on prior year expenditures. The vendors are as follows:

- **Burton Companies** (Weslaco, TX)
- **Industrial Supplier Larey, Inc./ dba International Industrial Supply Company** (Brownsville, TX)
- **MSC Industrial Supply Company** (Harlingen, TX)
- **Rex Supply Company** (Pharr, TX)

Purpose – The Institute for Advanced Manufacturing (IAM) and Advanced Manufacturing Technology Program are requesting to renew the contracts for the purchase of industrial supplies, materials, and accessories for student instruction.

Justification and Benefit – The industrial supplies, materials, and accessories include some of the following items: steel rods, aluminum rods, and drill rods used in the instructional labs.

EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Background – The Board awarded the contracts for industrial supplies, materials, and accessories at the October 30, 2018 Board of Trustees meeting for one year with two one-year option annual renewals. The last renewal period begins November 25, 2020 and ends November 24, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	10/30/18	11/25/18 – 11/24/19	2 – one year options
1 st Renewal	10/29/19		11/25/19 – 11/24/20
2 nd Renewal	09/22/20		11/25/20 – 11/24/21

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the IAM and Advanced Manufacturing Technology budgets for FY 2020 – 2021.

B. Purchases and Renewals (B-b. Non – Instructional Items)

5) Audio Visual Equipment and Supplies (Purchase)

Purchase audio visual equipment and supplies for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$205,000.00, which is based on prior year expenditures, with the following purchasing cooperative approved vendors:

Vendor/Purchasing Cooperative	Amount
Audio Visual Aids (San Antonio, TX) – Purchasing Cooperative of	\$70,000.00

Vendor/Purchasing Cooperative	Amount
America (PCA), Texas Association of School Boards (TASB) – Buyboard, and The Interlocal Purchasing System (TIPS)	
B&H Foto & Electronics, Corp./ dba B&H Photo Video (New York, NY) – E&I Cooperative Services, Omnia Partners, Purchasing Cooperative of American (PCA), Texas Association of School Boards (TASB) – Buyboard, and The Interlocal Purchasing System (TIPS)	\$75,000.00
Howard Technology Solutions (Ellisville, MS) – National Cooperative Purchasing Alliance (NCPA) and Texas Association of School Boards (TASB) - Buyboard	\$40,000.00
SKC Communications Products, LLC. (Shawnee Mission, KS) – E&I Cooperative Services and The Interlocal Purchasing System (TIPS)	\$20,000.00

Purpose – The audio visual equipment and supplies purchases are requested district-wide as needed to support classroom instruction, staff presentations, office operations, and communication with internal and external individuals or groups. As determined by departments and instructional programs, purchases will occur throughout the fiscal year on an as needed basis.

Justification and Benefit – The audio visual equipment and supplies are purchased district-wide for the day-to-day operation of support services departments and instruction programs. Below are some of the items requested by departments and programs:

- Headphones – Distance Education, Educational Technologies, and Academic programs
- Digital Cameras, Lenses, Camera Cases – Art Program, Public Relations and Marketing, Facilities Planning and Construction, and all other requesting departments and academic programs
- Dome Cameras / Camcorders – Nursing and Allied Health Programs, Public Relations and Marketing, and Educational Technologies
- Computer Cables, Printer Cables, and Projector Cables – Information Technology, Educational Technologies, and all other requesting departments and academic programs
- Sound Equipment – Educational Technologies and all other requesting departments and academic programs
- Projector Screens and Parts – Educational Technologies and all other requesting departments and academic programs

Funds for this expenditure are budgeted in the requesting department/program budgets for FY 2020 – 2021.

6) Chiller Maintenance Agreement (Purchase)

Purchase a chiller maintenance agreement with **Johnson Controls, Inc.** (Milwaukee, WI/Corpus Christi, TX), a The Interlocal Purchasing System (TIPS) purchasing cooperative approved vendor, for the period beginning November 21, 2020 through November 20, 2021,

at an annual amount of \$51,900.00 for scheduled services and an estimated amount of \$80,000.00 for as needed repair services. The total annual amount is \$131,900.00.

Purpose – Facilities Operations and Maintenance is requesting to purchase the service contract for the air-cooled and water-cooled chillers districtwide.

Justification and Benefit – The chiller maintenance services contract provides scheduled preventive maintenance inspections and emergency service calls for the various chiller units located throughout the College district. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

- Quarterly Inspections – 18 Chillers
 - ⇒ Check refrigerant circuit for leaks
 - ⇒ Check operating pressures and temperatures
 - ⇒ Oil Analysis
 - ⇒ Check electrical connections
- Annual Inspection – 18 Chillers
 - ⇒ Operating Controls
 - ⇒ Inspect thermal insulation for integrity
 - ⇒ Clean condenser tubes
 - ⇒ Clean control panel interior

Funds for this expenditure are budgeted in the Facilities Maintenance budget for FY 2020 – 2021.

7) Computer Components, Peripherals, Software, and Supplies (Purchase)

Purchase computer components, peripherals, software, and supplies for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$350,000.00, which is based on prior year expenditures, with the following purchasing cooperative approved vendors:

Vendor/Purchasing Cooperative	Amount
CDW Government, LLC. (Vernon Hill, IL) – Choice Partners, Texas Department of Information Resources (DIR), E&I Cooperative Services, Omnia Partners, Sourcewell, and The Interlocal Purchasing System (TIPS)	\$100,000.00
Dell Marketing, LP. (Dallas, TX) – Texas Department of Information Resources (DIR)	\$50,000.00
Reyna Enterprise, Inc./ dba Computer Repair Center (CRC) (McAllen, TX) – Texas Department of Information Resources (DIR)	\$80,000.00
SHI Government Solutions (Austin, TX) – Choice Partners, National Cooperative Purchasing Alliance (NCPA), Omnia Partners, Purchasing Association of Cooperative Entities (PACE), Texas Association of School Boards (TASB) – Buyboard, Texas Department of Information Resources (DIR), and The Interlocal Purchasing System (TIPS)	\$80,000.00
SKC Communications Products, LLC. (Shawnee Mission, KS) – E&I Cooperative Services and The Interlocal Purchasing System (TIPS)	\$40,000.00

Purpose – The computer components, peripherals, software, and supplies purchases are requested district-wide as needed to support classroom instruction, staff office operations, and communication with internal and external individuals or groups. As determined by departments and instructional programs, purchases will occur throughout the fiscal year on an as needed basis.

Justification and Benefit – The computer components, peripherals, software, and supplies are purchased district-wide for the day-to-day operation of departments and instructional programs. Below are some of the items requested by departments and programs:

- Scanners, Printers, Storage Media, Surge Protectors, Toner Cartridges, and Cables – All programs and departments district-wide
- Barcode Scanners – Library Services, Security, Central Receiving, and Educational Technologies
- Memory – Business Computer Systems Program and all departments district-wide
- Head Phones – Open Labs, Center for Learning Excellence, and Distance Education
- Web Cameras – Distance Education, Academic Programs, and departments district wide
- Computer Parts – Business Computer Systems Program and other departments and programs
- Software (Instructional and Business packages) – All departments and programs district-wide

Funds for this expenditure are budgeted in the Educational Technologies, Library Services, Central Receiving, Distance Education, Information Technology, and other departments and academic programs budgets for FY 2020 – 2021.

8) Maintenance Equipment, Parts, and Supplies (Purchase)

Purchase maintenance equipment, parts, and supplies through the Texas Association of School Boards (TASB) – Buyboard approved vendors, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$100,000.00, which is based on prior year expenditures. The vendors are as follows:

- **Carrier Enterprise, LLC.** (Houston, TX/Pharr, TX)
- **Crawford Electric Supply** (San Antonio, TX/Mission, TX)
- **McCoy's Building Supply** (San Marcos, TX/Pharr, TX)

Purpose – Facilities Operations and Maintenance is requesting the purchase of maintenance equipment, parts, and supplies for district-wide daily work order requests.

Justification and Benefit – The maintenance equipment, parts, and supplies are needed for the day-to-day maintenance, repairs, and improvements in the areas of plumbing, painting, irrigation, electrical, door locks, vehicle and equipment batteries, lumber, and air conditioning. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

Funds for this expenditure are budgeted in the Facilities Maintenance budget for FY 2020 – 2021.

9) Fire Suppression Systems Service (Renewal)

Renew the fire suppression systems service contracts for the period beginning November 29, 2020 through November 28, 2021, at an estimated amount of \$211,587.00, which is based on prior year expenditures. The vendors are as follows:

#	Services	Vendor	Amount
1	Fire Alarm Panels	Strongline Security & Fire (San Juan, TX)	\$20,300.00
2	Fire Alarm Repairs	Strongline Security & Fire (San Juan, TX)	\$60,000.00
3	Kitchen Hoods	1st FP McAllen, LLC. (McAllen, TX)	\$1,202.00
4	Kitchen Hoods Repairs	1st FP McAllen, LLC. (McAllen, TX)	\$10,000.00
5	Fire Sprinklers Inspections	1st FP McAllen, LLC. (McAllen, TX)	\$16,125.00
6	Fire Sprinklers Repairs	1st FP McAllen, LLC. (McAllen, TX)	\$70,000.00
7	Clean Agent Fire Suppression System Inspection	1st FP McAllen, LLC. (McAllen, TX)	\$3,960.00
8	Fire Extinguishers / Inspection Rates	EI Fire & Safety, Inc. (Mission, TX)	\$10,000.00
9	Hydro Test Rates	EI Fire & Safety, Inc. (Mission, TX)	\$10,000.00
10	Recharge Rates	EI Fire & Safety, Inc. (Mission, TX)	\$10,000.00

Purpose – Facilities Operations and Maintenance is requesting to renew the contracts for the fire suppression systems service and alarm monitoring for all campuses district wide.

Justification and Benefit – The fire suppression systems and inspections contract requires periodic inspection of the fire suppression systems at all South Texas College campuses. This will include inspection of the fire alarm system, fire sprinkler system inspection and repair, kitchen hood inspections, and inspection of portable extinguishers.
EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED

Background – The Board awarded the contract for the fire suppression systems service at the October 29, 2019 Board of Trustees meeting for one year with two one-year option annual renewals. The first renewal period begins November 29, 2020 and ends November 28, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	10/29/19	11/29/19 – 11/28/20	2 – one year options
1 st Renewal	09/22/20		11/29/20 – 11/28/21

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Facilities Operations and Maintenance budget for FY 2020 – 2021.

10) In-Store Purchase of Materials and Supplies (Renewal)

Renew the in-store purchase of materials and supplies contracts for the period beginning November 27, 2020 through November 26, 2021, at an estimated amount of \$150,000.00, which is based on prior year expenditures. The vendors are as follows:

- **HEB Grocery, Co.** (McAllen, TX)
- **Hobby Lobby Store** (McAllen, TX)
- **Sam's Club** (McAllen, TX)
- **Walmart** (Mission, TX)

Purpose – The in-store purchase of materials, supplies, and miscellaneous items are necessary throughout the College district for the Culinary Arts Program, Food Services, Science Programs (Biology and Chemistry) instructional labs, student activities events, professional development, South Texas College sponsored events, and division meetings.

Justification and Benefit – These items are needed for hosted events and meetings held at all South Texas College's campuses for faculty, staff, students, and the community.

EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Background – The Board awarded the contract for in-store purchase of materials and supplies at the October 29, 2019 Board of Trustees meeting for one year with two one-year option annual renewals. The first renewal period begins November 27, 2020 and ends November 26, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	10/29/19	11/27/19 – 11/26/20	2 – one year options
1 st Renewal	09/22/20		11/27/20 – 11/26/21

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the various requesting programs and departments budgets for FY 2020 – 2021.

11) Institutional Membership – TACC (Renewal)

Renew the institutional membership with the **Texas Association of Community Colleges** (TACC) (Austin, TX), a sole source vendor, for the period beginning September 1, 2020 through August 31, 2021, at a total amount of \$79,155.00.

Purpose – The Office of the President is requesting to renew the institutional membership, which includes the annual association membership, telecommunication membership, building assessment, and mathways assessment.

Justification and Benefit – TACC is comprised of all fifty (50) public community college districts in the state and represents the interests of the colleges before the Texas Legislature and state agencies. The General Appropriations Bill and legislation affecting public

community colleges in general have been and remain the principal concern of TACC.
EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Funds for this expenditure are budgeted in the Non-Public Fund Project budget for FY 2020 – 2021.

B. Purchases and Renewals (B-c. Technology Items)

12)Communication Software Agreement (Renewal)

Renew the communication software agreement with Hit Labs, Inc. (Lehi, UT), a sole source vendor, for the period beginning October 1, 2020 through September 30, 2021, at an estimated amount of \$74,250.00.

Purpose – Distance Education is requesting to renew the communication software agreement which is used with Blackboard for communication with students taking online courses.

Justification and Benefit – The communication software connects students and instructors with real-time chat, group video chat, allows for announcements, provides message language translation, file sharing and storage, and task management. It supports the student in learning faster, working smarter, and the ability to communicate seamlessly. In addition, this software has instant translation so the instructor or student can create a message in English and the reader can enable the option to see that message in multiple language options. Given our large number of ESL students, this tool is a valuable option for student-instructor interactions.

Funds for this expenditure are budgeted in the Distance Education budget for FY 2020 – 2021

13)Student Enrollment Management System Agreement (Renewal)

Renew the student enrollment management system agreement with **Admissions US, LLC., a wholly owned subsidiary of Anthology, Inc. (fka Campus Management, Corp.)** (Boca Raton, FL), a sole source vendor, for the period beginning September 27, 2020 through September 26, 2021, at a total amount of \$50,727.50.

Purpose – The Division of Student and Enrollment Management is requesting to renew the Radius Constituent Relationship Management (CRM) agreement along with chat services.

Justification and Benefit – The College currently utilizes a Constituent Relationship Management system. The CRM system provides the tools needed to support students at all stages of their student lifecycle from recruitment, enrollment, and admission through graduation. **EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.**

Funds for this expenditure are budgeted in the Division of Student Affairs and Enrollment Management budget for FY 2020 – 2021.

Recommendation:

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the September 22, 2020 Board meeting the award of proposals, purchases, and renewals as listed below:

A. Award of Proposals

B. Purchases and Renewals

- a. Instructional Item**
- b. Non-Instructional Items**
- c. Technology Items**

A. Award of Proposals

- 1) Beverage Products (Award):** award the proposal for beverage products to **PepsiCo** (Hidalgo, TX), for the period beginning October 13, 2020 through October 12, 2021 with two one-year options to renew, at an estimated amount of \$50,000.00. The vendor has included an annual sponsorship of \$7,500.00 and product donation of 100 cases;
- 2) Fire Training Vehicle Prop with Trailer (Award):** award the proposal for a fire training vehicle prop with trailer to **Fireblast Global, Inc.** (Corona, CA) (New), at a total amount of \$79,633.00;
- 3) Mobile Air Trailer (Award):** award the proposal for a mobile air trailer to **Sub-Aquatics, Inc./ dba Breathing Air Systems** (Reynoldsburg, OH) (New), at a total amount of \$111,512.00;

B. Purchases and Renewals (B-a. Instructional Item)

- 4) Industrial Supplies, Materials, and Accessories (Renewal):** renew the industrial supplies, materials, and accessories contracts for the period beginning November 25, 2020 through November 24, 2021, at an estimated amount of \$70,000.00, which is based on prior year expenditures. The vendors are as follows:
 - **Burton Companies** (Weslaco, TX)
 - **Industrial Supplier Larey, Inc./ dba International Industrial Supply Company** (Brownsville, TX)
 - **MSC Industrial Supply Company** (Harlingen, TX)
 - **Rex Supply Company** (Pharr, TX)

B. Purchases and Renewals (B-b. Non-Instructional Items)

- 5) Audio Visual Equipment and Supplies (Purchase):** purchase audio visual equipment and supplies for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$205,000.00, which is based on prior year expenditures, with the following purchasing cooperative approved vendors:

Vendor/Purchasing Cooperative	Amount
Audio Visual Aids (San Antonio, TX) – Purchasing Cooperative of America (PCA), Texas Association of School Boards (TASB) – Buyboard, and The Interlocal Purchasing System (TIPS)	\$70,000.00

Vendor/Purchasing Cooperative	Amount
B&H Foto & Electronics, Corp./ dba B&H Photo Video (New York, NY) – E&I Cooperative Services, Omnia Partners, Purchasing Cooperative of American (PCA), Texas Association of School Boards (TASB) – Buyboard, and The Interlocal Purchasing System (TIPS)	\$75,000.00
Howard Technology Solutions (Ellisville, MS) – National Cooperative Purchasing Alliance (NCPA) and Texas Association of School Boards (TASB) - Buyboard	\$40,000.00
SKC Communications Products, LLC. (Shawnee Mission, KS) – E&I Cooperative Services and The Interlocal Purchasing System (TIPS)	\$20,000.00

- 6) **Chiller Maintenance Agreement (Purchase):** purchase a chiller maintenance agreement with **Johnson Controls, Inc.** (Milwaukee, WI/Corpus Christi, TX), a The Interlocal Purchasing System (TIPS) purchasing cooperative approved vendor, for the period beginning November 21, 2020 through November 20, 2021, at an estimated annual amount of \$51,900.00 for scheduled services and an estimated annual amount of \$80,000.00 for as needed repair services. The total annual amount is \$131,900.00;
- 7) **Computer Components, Peripherals, Software, and Supplies (Purchase):** purchase computer components, peripherals, software, and supplies for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$350,000.00, which is based on prior year expenditures, with the following purchasing cooperative approved vendors:

Vendor/Purchasing Cooperative	Amount
CDW Government, LLC. (Vernon Hill, IL) – Choice Partners, Texas Department of Information Resources (DIR), E&I Cooperative Services, Omnia Partners, Sourcewell, and The Interlocal Purchasing System (TIPS)	\$100,000.00
Dell Marketing, LP. (Dallas, TX) – Texas Department of Information Resources (DIR)	\$50,000.00
Reyna Enterprise, Inc./ dba Computer Repair Center (CRC) (McAllen, TX) – Texas Department of Information Resources (DIR)	\$80,000.00
SHI Government Solutions (Austin, TX) – Choice Partners, National Cooperative Purchasing Alliance (NCPA), Omnia Partners, Purchasing Association of Cooperative Entities (PACE), Texas Association of School Boards (TASB) – Buyboard, Texas Department of Information Resources (DIR), and The Interlocal Purchasing System (TIPS)	\$80,000.00
SKC Communications Products, LLC. (Shawnee Mission, KS) – E&I Cooperative Services and The Interlocal Purchasing System (TIPS)	\$40,000.00

- 8) **Maintenance Equipment, Parts, and Supplies (Purchase):** purchase maintenance equipment, parts, and supplies through the Texas Association of School Boards

(TASB) – Buyboard approved vendors, for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$100,000.00, which is based on prior year expenditures. The vendors are as follows:

- a. **Carrier Enterprise, LLC.** (Houston, TX/Pharr, TX)
- b. **Crawford Electric Supply** (San Antonio, TX/Mission, TX)
- c. **McCoy's Building Supply** (San Marcos, TX/Pharr, TX)

9) Fire Suppression Systems Service (Renewal): renew the fire suppression systems service contracts for the period beginning November 29, 2020 through November 28, 2021, at an estimated amount of \$211,587.00, which is based on prior year expenditures. The vendors are as follows:

#	Services	Vendor	Amount
1	Fire Alarm Panels	Strongline Security & Fire (San Juan, TX)	\$20,300.00
2	Fire Alarm Repairs	Strongline Security & Fire (San Juan, TX)	\$60,000.00
3	Kitchen Hoods	1st FP McAllen, LLC. (McAllen, TX)	\$1,202.00
4	Kitchen Hoods Repairs	1st FP McAllen, LLC. (McAllen, TX)	\$10,000.00
5	Fire Sprinklers Inspections	1st FP McAllen, LLC. (McAllen, TX)	\$16,125.00
6	Fire Sprinklers Repairs	1st FP McAllen, LLC. (McAllen, TX)	\$70,000.00
7	Clean Agent Fire Suppression System Inspection	1st FP McAllen, LLC. (McAllen, TX)	\$3,960.00
8	Fire Extinguishers / Inspection Rates	El Fire & Safety, Inc. (Mission, TX)	\$10,000.00
9	Hydro Test Rates	El Fire & Safety, Inc. (Mission, TX)	\$10,000.00
10	Recharge Rates	El Fire & Safety, Inc. (Mission, TX)	\$10,000.00

10) In-Store Purchase of Materials and Supplies (Renewal): renew the in-store purchase of materials and supplies contracts for the period beginning November 27, 2020 through November 26, 2021, at an estimated amount of \$150,000.00, which is based on prior year expenditures. The vendors are as follows:

- a. **HEB Grocery, Co.** (McAllen, TX)
- b. **Hobby Lobby Store** (McAllen, TX)
- c. **Sam's Club** (McAllen, TX)
- d. **Walmart** (Mission, TX)

11) Institutional Membership – TACC (Renewal): renew the institutional membership with the **Texas Association of Community Colleges** (TACC) (Austin, TX), a sole source vendor, for the period beginning September 1, 2020 through August 31, 2021, at a total amount of \$79,155.00;

B. Purchases and Renewals (B-c. Technology Items)

12) Communication Software Agreement (Renewal): renew the communication software agreement with Hit Labs, Inc. (Lehi, UT), a sole source vendor, for the

period beginning October 1, 2020 through September 30, 2021, at an estimated amount of \$74,250.00;

- 13) Student Enrollment Management System Agreement (Renewal):** renew the student enrollment management system agreement with **Admissions US, LLC., a wholly owned subsidiary of Anthology, Inc. (fka Campus Management, Corp.)** (Boca Raton, FL), a sole source vendor, for the period beginning September 27, 2020 through September 26, 2021, at a total amount of \$50,727.50.

Recommend Action - The total for all award of proposals, purchases, and renewals is \$1,663,764.50.

SOUTH TEXAS COLLEGE
1. BEVERAGE PRODUCTS
PROJECT NO. 20-21-1014

VENDOR		PepsiCo	
ADDRESS		1601 N International Blvd Ste 400	
CITY/STATE/ZIP		Hidalgo, TX 78557	
PHONE		956-994-6112	
FAX		956-994-0868	
CONTACT		Christopher Martinez	
#	Description	Proposed	
1	20 oz. Carbonated Soft Drink (24)	\$18.03 (after a \$5 rebate)	
2	20 oz. Aquafina (24)	\$8.56 (after a \$5 rebate)	
3	20 oz. Sobe Life Water (12)	\$13.45(after a \$5 rebate)	
4	20 oz. Gatorade (24)	\$15.38 (after a \$5 rebate)	
5	15.2oz Ocean Spray/Dole Juice (12)	\$13.53 (after a \$5 rebate)	
6	20 oz. Lipton Tea (24)	\$18.03 (after a \$5 rebate)	
7	20 oz. Gatorade 2 (G2) (24)	\$15.38 (after a \$5 rebate)	
8	18.5 oz. Lipton Pure Leaf Tea (12)	\$14.21 (after a \$5 rebate)	
9	16 oz. Rock Star Energy (24)	\$28.79 (after a \$5 rebate)	
10	15 oz. Starbucks Energy Coffee (12)	\$21.17 (after a \$5 rebate)	
11	14 oz. Muscle Milk (12)	\$26.43 (after a \$5 rebate)	
12	16 oz. Bang Energy (12)	\$14.00 (after a \$5 rebate)	
Fountain Drinks			
13	Fountain Carbonated Drinks (Pepsi, Mist Twist, Diet Pepsi, Mountain Dew, Mug Root Beer)	\$15.96/gal	\$79.80/box (\$54.80 after rebate)
14	Big Red	\$15.91/gal	\$79.55/box
15	Orange Crush	\$15.96/gal	\$79.80/box (\$54.55 after rebate)
16	Mansanita Sol (3 Gallon Box)	\$17.47/gal	\$52.41/box (\$37.41 after rebate)
17	Dr. Pepper/Diet Dr. Pepper	\$15.91/gal	\$79.55/box
18	Lipton Concentrate (Sweet)	\$19.63/gal	\$58.89/box (\$43.89 after rebate)
19	Lipton Concentrate (Unsweet)	\$15.40/gal	\$46.20/box (\$31.20 after rebate)

SOUTH TEXAS COLLEGE
1. BEVERAGE PRODUCTS
PROJECT NO. 20-21-1014

VENDOR		PepsiCo	
20	Non-Carbonated Drinks (Brisk Raspberry, Tropicana Yellow Lemonade, Tropicana Pink Lemonade, Tropicana Fruit Punch)	\$15.96/gal (\$54.80 after rebate)	\$79.80/box
21	Non-Carbonated Drinks 3 Gallon Box (Brisk Strawberry Melon)	\$17.22/gal (\$36.66 after rebate)	\$51.66/box
Supply Items			
24	Co2 20 lb.	\$22.34	
25	Co2 20 lb. Tank Deposit	\$100.00	
26	16 oz. Cups	\$61.62	
27	24 oz. Cups	\$75.57	
28	Lids 16/24 oz.	\$46.25	
Sponsorship			
29	Annual Sponsorship	\$7,500.00	
30	Annual Projected Fountain Rebates (Based on Projected Volumes) (\$5 per gallon on 991 gallons)	\$4,955.00	
31	Annual Projected Bottle & Can Rebate (Based on Projected Volumes) (\$5 per case on 1,424 cases)	\$7,120.00	
32	Annual Donated Product (12 oz. cans & 16.9 Aquafina Water)	100 cases	
Escalation 2nd Year		3% Bottle & Can Products 4% on Post Mix Products	
Escalation 3rd Year		3% Bottle & Can Products 4% on Post Mix Products	
TOTAL EVALUATION POINTS		97.66	
RANKING		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

SOUTH TEXAS COLLEGE
1. BEVERAGE PRODUCTS
PROJECT NO. 20-21-1014
EVALUATION SUMMARY

VENDOR		Pepsi Co	
ADDRESS		1601 N International Blvd Ste 400	
CITY/STATE/ZIP		Hidalgo, TX 78557	
PHONE		956-994-6112	
FAX		956-994-0868	
CONTACT		Christopher Martinez	
1	The purchase price. (up to 40 points)	40	40
		40	
		40	
2	The reputation of the vendor and of the vendor's goods and/or services. (up to 15 points)	15	15
		15	
		15	
3	The quality of the vendor's goods and/or services. (up to 16 points)	16	16
		16	
		16	
4	The extent to which the vendor's goods and/or services meet the College's needs. (up to 20 points)	20	19.66
		20	
		19	
5	The vendor's past relationship with the College. (up to 3 points)	3	3
		3	
		3	
6	The impact on the ability of the College to comply with laws and rules relating to Historically Underutilized Businesses. (up to 1 point)	0	0
		0	
		0	
7	The total long-term cost to the College to acquire the vendor's goods or services. (up to 5 points)	4	4
		4	
		4	
TOTAL EVALUATION POINTS		97.66	
RANKING		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

*The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
1. PROPOSAL CRITERIA - PRODUCT AND SERVICE

		Product and Service	
		Points	Score Key
1	Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	45	
2	Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects) c. Services/Installation d. Professional Licenses/Certifications	15	13-15 8-12 3-7 0-2 Excellent Acceptable Marginal Poor/No Response
3	Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	16	13-16 8-12 3-7 0-2 Excellent Acceptable Marginal Poor/No Response
4	Criterion 4: The extent to which the goods or services meet the district's needs a. Time Frame to complete the project b. Delivery Time Frame of product(s) c. Number of staff d. Meet or exceed the specifications	20	16-20 11-15 6-10 0-5 Excellent Acceptable Marginal Poor/No Response
5	Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0 Excellent Acceptable/New Vendor Marginal Poor/No Response
6	Criterion 6: The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses a. Provided the Certification	1	1 0 Yes No
7	Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services; and a. Annual Escalation Increase b. Annual Maintenance Cost		Up to 5 points will be used from the purchase price if applicable
8	Criterion 8: Any other relevant factor specifically listed in the request for bids or proposals a. Financial Standing b. Potential or Pending Sale of Business c. SAS 70 d. Red Flag Rules e. Gramm-Leach-Bliley Act		Up to 5 points will be used from the purchase price if applicable
Total Points		100	

Definitions of evaluation terms:

Excellent - respondent provided information which fully addressed or exceeded the requirements
Acceptable - respondent provided information which addressed most but not all of the requirements
Marginal - respondent provided minimal information on requirements
Poor/No response - respondent provided inadequate responses to requirements or did not respond

SOUTH TEXAS COLLEGE
2. FIRE TRAINING VEHICLE PROP WITH TRAILER
PROJECT NO. 20-21-1010

NAME			Draeger, Inc.		Fireblast Global, Inc.	
ADDRESS			7256 S Sam Houston Pkwy W Ste 100		545 Monica Cir	
CITY/STATE/ZIP			Houston, TX 77085		Corona, CA 92880	
PHONE			346-802-6000		951-277-8319	
FAX					951-279-1705	
CONTACT			John Wilson		Jessica Kuehl	
#	Qty	Description	Unit Price	Extension	Unit Price	Extension
1	1	Fire Training Vehicle Prop	\$ 43,950.00	\$ 43,950.00	\$ 35,256.00	\$ 35,256.00
2	1	Shipping and Handling for Item 1	\$ 4,000.00	\$ 4,000.00	\$ -	\$ -
3	1	Trailer, Equipment, and Accessories	\$ 37,550.00	\$ 37,550.00	\$ 39,727.00	\$ 39,727.00
4	1	Shipping and Handling for Item 3	\$ 8,500.00	\$ 8,500.00	\$ 4,650.00	\$ 4,650.00
5	1	Shipping and Handling for Items 1 and 3.	\$ 8,500.00	\$ 8,500.00	\$ -	\$ -
6	1	Extended Warranty (Optional)	\$ 4,075.00	\$ 4,075.00		
7	1	Vendor Note	If items 1 and 3 are purchased and shipped together, the only shipping cost that would apply are on line 5.			
TOTAL AMOUNT PROPOSED			\$ 90,000.00		\$ 79,633.00	
TOTAL EVALUATION POINTS			82.81		96.5	
RANKING			2		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

SOUTH TEXAS COLLEGE
2. FIRE TRAINING VEHICLE PROP WITH TRAILER
PROJECT NO. 20-21-1010
EVALUATION SUMMARY

VENDOR		Draeger, Inc.		Fireblast Global, Inc.	
ADDRESS		7256 S Sam Houston Pkwy W Ste 100		545 Monica Cir	
CITY/STATE/ZIP		Houston, TX 77085		Corona, CA 92880	
PHONE		346-802-6000		951-277-8319	
FAX				951-279-1705	
CONTACT		John Wilson		Jessica Kuehl	
1	The purchase price. (up to 45 points)	39.81	39.81	45	45
		39.81		45	
		39.81		45	
		39.81		45	
2	The reputation of the vendor and of the vendor's goods or services. (up to 10 points)	6	5.25	9	9.25
		5		8	
		5		10	
		5		10	
3	The quality of vendor's goods or services. (up to 18 points)	16	16.25	17	17.75
		17		18	
		16		18	
		16		18	
5	The extent to which the goods or services meet the districts needs. (up to 18 points)	16	15.5	17	17.5
		16		17	
		16		18	
		14		18	
6	The Vendor's past relationship with the district. (up to 3 points)	2	2	2	2
		2		2	
		2		2	
		2		2	
7	The impact on the ability of the district to comply with laws relating to historically underutilized businesses. (up to 1 point)	0	0	0	0
		0		0	
		0		0	
		0		0	
8	The total long-term cost to the district to acquire the vendor's goods or services. (up to 5 points)	4	4	5	5
		4		5	
		4		5	
		4		5	
TOTAL EVALUATION POINTS		82.81		96.5	
RANKING		2		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

*The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
2. PROPOSAL CRITERIA - PRODUCT ONLY

	Product Only		
	Points	Score Key	
1 Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	50		
2 Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects)	10	8-10 5-7 2-4 0-1	Excellent Acceptable Marginal Poor/No Response
3 Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	18	14-18 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
4 Criterion 4: The extent to which the goods or services meet the district's needs a. Delivery Time Frame of product(s) b. Meet or exceed the specifications	18	14-18 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
5 Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0	Excellent Acceptable/New Vendor Marginal Poor/No Response
6 Criterion 6: The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses a. Provided the Certification	1	1 0	Yes No
7 Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services a. Annual Maintenance Cost b. Annual Escalation Increase			Up to 5 points will be used from the purchase price if applicable
8 Criterion 8: Any other relevant factor specifically listed in the request for bids or proposals, e.g.: a. Financial Standing b. Potential or Pending Sale of Business c. Trade-In of outdated equipment			Up to 5 points will be used from the purchase price if applicable
Total Points	100		

Definitions of evaluation terms:

Excellent - respondent provided information which fully addressed or exceeded the requirements

Acceptable - respondent provided information which addressed most but not all of the requirements

Marginal - respondent provided minimal information on requirements

Poor/No response - respondent provided inadequate responses to requirements or did not respond

SOUTH TEXAS COLLEGE
3. MOBILE AIR TRAILER
PROJECT NO. 20-21-1011

NAME			Sub-Aquatics, Inc./ dba Breathing Air Systems	
ADDRESS			8855 E Broad St	
CITY/STATE/ZIP			Reynoldsburg, OH 43068	
PHONE			614-564-1235	
FAX			614-864-0071	
CONTACT			Douglas A. Ballmann	
#	Qty	Description	Unit Price	Extension
1	1	Mobile Breathing Air Trailer	\$ 102,212.00	\$ 102,212.00
2	1	Shipping and Handling	\$ 4,800.00	\$ 4,800.00
3	1	Optional: One day operator training session	\$ 4,500.00	\$ 4,500.00
TOTAL AMOUNT PROPOSED			\$ 111,512.00	
TOTAL EVALUATION POINTS			95.25	
RANKING			1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

**SOUTH TEXAS COLLEGE
3. MOBILE AIR TRAILER
PROJECT NO. 20-21-1011
EVALUATION SUMMARY**

VENDOR		Sub-Aquatics, Inc./ dba Breathing Air Systems	
ADDRESS		8855 E Broad St	
CITY/STATE/ZIP		Reynoldsburg, OH 43068	
PHONE		614-564-1235	
FAX		614-864-0071	
CONTACT		Douglas A. Ballmann	
1	The purchase price. (up to 45 points)	45	45
		45	
		45	
		45	
2	The reputation of the vendor and of the vendor's goods or services. (up to 10 points)	10	9.25
		9	
		8	
		10	
3	The quality of vendor's goods or services. (up to 18 points)	18	17
		17	
		16	
		17	
4	The extent to which the vendor's goods or services meet the College's needs. (up to 18 points)	18	17
		18	
		15	
		17	
5	The Vendor's past relationship with the district. (up to 3 points)	2	2
		2	
		2	
		2	
6	The impact on the ability of the College to comply with laws relating to historically underutilized businesses. (up to 1 point)	0	0
		0	
		0	
		0	
7	The total long-term cost to the College to acquire the vendor's goods or services. (up to 5 points)	5	5
		5	
		5	
		5	
TOTAL EVALUATION POINTS		95.25	
RANKING		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.

*The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
3. PROPOSAL CRITERIA - PRODUCT ONLY

	Product Only		
	Points	Score Key	
1 Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	50		
2 Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects)	10	8-10 5-7 2-4 0-1	Excellent Acceptable Marginal Poor/No Response
3 Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	18	14-18 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
4 Criterion 4: The extent to which the goods or services meet the district's needs a. Delivery Time Frame of product(s) b. Meet or exceed the specifications	18	14-18 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
5 Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0	Excellent Acceptable/New Vendor Marginal Poor/No Response
6 Criterion 6: The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses a. Provided the Certification	1	1 0	Yes No
7 Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services a. Annual Maintenance Cost b. Annual Escalation Increase			Up to 5 points will be used from the purchase price if applicable
8 Criterion 8: Any other relevant factor specifically listed in the request for bids or proposals, e.g.: a. Financial Standing b. Potential or Pending Sale of Business c. Trade-In of outdated equipment			Up to 5 points will be used from the purchase price if applicable
Total Points	100		

Definitions of evaluation terms:

Excellent - respondent provided information which fully addressed or exceeded the requirements

Acceptable - respondent provided information which addressed most but not all of the requirements

Marginal - respondent provided minimal information on requirements

Poor/No response - respondent provided inadequate responses to requirements or did not respond



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

4a

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Burton Companies
Attn: Mr. C. Scott Vaughan
529 East Highway 83
Weslaco, TX 78596

Dear Mr. Vaughan:

On October 30, 2018, South Texas College awarded a contract to Burton Companies for Industrial Supplies, Materials, and Accessories. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from November 25, 2020 through November 24, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 24, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

4b

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Industrial Supplier Larey, Inc./ dba International Industrial Supply Company
Attn: Mr. Moises Lara, Vice-President (Sales Manager)
3620 E. 14th Street
Brownsville, TX 78521

Dear Mr. Lara:

On October 30, 2018, South Texas College awarded a contract to Industrial Supplier Larey, Inc./ dba International Industrial Supply Company for Industrial Supplies, Materials, and Accessories. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from November 25, 2020 through November 24, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 24, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

4c

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

MSC Industrial Supply Company
Attn: Mr. Javier Zamora, Inside Account Executive
402 US 77 Frontage Road
Harlingen, TX 78550

Dear Mr. Zamora:

On October 30, 2018, South Texas College awarded a contract to MSC Industrial Supply Company for Industrial Supplies, Materials, and Accessories. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from November 25, 2020 through November 24, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 24, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

4d

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Rex Supply Company
Attn: Mr. Ramiro Bernal, Branch Manager
1313 West 495
Pharr, TX 78577

Dear Mr. Bernal:

On October 30, 2018, South Texas College awarded a contract to Rex Supply Company for Industrial Supplies, Materials, and Accessories. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from November 25, 2020 through November 24, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 24, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____

SOUTH TEXAS COLLEGE
5. AUDIO VISUAL EQUIPMENT AND SUPPLIES

NAME			Audio Visual Aids		B & H Foto & Electronics, Corp./ dba B&H Photo Video		Howard Technology Solutions		SKC Communications Products, LLC.	
ADDRESS			2903 N Flores St		420 9th Ave		36 Howard Dr		8320 Hedge Ln Terrance	
CITY/STATE/ZIP			San Antonio, TX 78212		New York, NY 10001		Ellisville, MS 39437		Shawnee Mission, KS 66227	
PHONE			800-422-1282		800-947-8003		800-912-3151		800-882-7779	
FAX			800-854-8140		800-743-0895		601-399-5835		800-454-4752	
CONTACT			Diane Blalock		Robert Meskin		Krystal Avery		Michael Mast	
#	Qty	Description	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
1	1	Audio Visual Equipment and Supplies Period: 9/1/20 - 8/31/21	\$70,000.00	\$70,000.00	\$75,000.00	\$75,000.00	\$40,000.00	\$40,000.00	\$20,000.00	\$20,000.00
TOTAL AMOUNT			\$ 70,000.00		\$ 75,000.00		\$ 40,000.00		\$ 20,000.00	

SOUTH TEXAS COLLEGE
6. CHILLER MAINTENANCE AGREEMENT

NAME			Johnson Controls, Inc.	
ADDRESS			5757 N Green Bay Ave	
CITY/STATE/ZIP			Milwaukee, WI 53202	
SERVICE ADDRESS			2209 N Padre Island Dr Corpus Christi, TX	
PHONE			866-839-8477	
FAX			866-839-8472	
CONTACT			Andrew Pergande	
#	Qty	Description	Unit Price	Extension
1	1	Annual Maintenance Scheduled Services Period: 11/21/20 - 11/20/21	\$ 51,900.00	\$ 51,900.00
2	1	Estimated Repair Services Period: 11/21/20 - 11/20/21	\$ 80,000.00	\$ 80,000.00
TOTAL AMOUNT			\$ 131,900.00	

SOUTH TEXAS COLLEGE
7. COMPUTER COMPONENTS, PERIPHERALS, SOFTWARE, AND SUPPLIES

NAME			CDW Government, LLC.		Dell Marketing, LP.		Reyna Enterprise, Inc./ dba Computer Repair Center (CRC)		SHI Government Solutions		SKC Communication Products, LLC.	
ADDRESS			230 N Milwaukee Ave		P O Box 676021		131 E Pecan Blvd		1301 S Mo-Pac Expway		8320 Hedge Ln Terrance	
CITY/STATE/ZIP			Vernon Hills, IL 60061		Dallas, TX 75267		McAllen, TX 78501		Austin, TX 78746		Shawnee Mission, KS 66227	
PHONE			877-708-8009		800-274-7799		956-631-2321		888-764-8888		800-882-7779	
FAX			312-705-8262		800-365-5329		956-631-4696		512-732-0232		800-454-4752	
CONTACT			Peter McGee		Dennis Bradandt		Daniel Reyna		Victoria Pubylski		Jody Seal	
#	Qty	Description	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
1	1	Computer Components, Peripherals, Software, and Supplies Period: 9/1/20 - 8/31/21	\$100,000.00	\$100,000.00	\$ 50,000.00	\$ 50,000.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 40,000.00	\$ 40,000.00
TOTAL AMOUNT			\$ 100,000.00		\$ 50,000.00		\$ 80,000.00		\$ 80,000.00		\$ 40,000.00	

SOUTH TEXAS COLLEGE
8. MAINTENANCE EQUIPMENT, PARTS, AND SUPPLIES

NAME			Carrier Enterprise, LLC.		Crawford Electric Supply		McCoy's Building Supply	
ADDRESS			16230 Port Northwest		343 N Weidner Rd		1350 IH 35 North	
CITY/STATE/ZIP			Houston, TX 77041		San Antonio, TX 78233		San Marcos, TX 78667	
LOCAL ADDRESS			3000 N Hibiscus Pharr, TX		1105 Bus Park Dr Mission, TX		1120 W US Hwy 83 Pharr, TX	
PHONE			512-748-1631		210-805-9898		512-395-6644	
CONTACT			Leon Tates		Nathan Lutz		Tina McArthur	
#	Qty	Description	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
1	1	Maintenance Equipment, Parts, and Supplies Period: 9/1/20 - 8/31/21	\$ 20,000.00	\$ 20,000.00	\$ 50,000.00	\$ 50,000.00	\$ 30,000.00	\$ 30,000.00
TOTAL AMOUNT			\$ 20,000.00		\$ 50,000.00		\$ 30,000.00	



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

9a

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Strongline Security & Fire
Attn: Mr. Luis A. Grimaldo, Owner
3701 Jesenia St
San Juan, TX 78589

Dear Mr. Grimaldo:

On October 29, 2019, South Texas College awarded a contract to Strongline Security & Fire for Fire Suppression Systems Service. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The first renewal period will be from November 29, 2020 through November 28, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 28, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

9b

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

1st FP Services, LLC.
Attn: Mr. Pete Desmond, Vice President
2053 Industrial Drive
McAllen, TX 78504

Dear Mr. Desmond:

On October 29, 2019, South Texas College awarded a contract to 1st FP Services, LLC. for Fire Suppression Systems Service. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The first renewal period will be from November 29, 2020 through November 28, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

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Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
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9c

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

El Fire & Safety, Inc.
Attn: Mr. Fernando Rodriguez, CEO
3505 San Eugenio
Mission, TX 78572

Dear Mr. Rodriguez:

On October 29, 2019, South Texas College awarded a contract to El Fire & Safety, Inc. for Fire Suppression Systems Service. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The first renewal period will be from November 29, 2020 through November 28, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be return via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 28, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
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10a

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

HEB Grocery, Co.
Attn: Mr. Jorge L. Ramirez, Asst. Store Director
3601 W. Pecan Blvd.
McAllen, TX 78501

Dear Mr. Ramirez:

On October 29, 2019, South Texas College awarded a contract to HEB Grocery, Co. for In-Store Purchase of Materials, and Supplies. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The second renewal period will be from November 27, 2020 through November 26, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 26, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

10b

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Hobby Lobby Store
Attn: Ms. Jessica Torres, Store Manager
3300 W. Expwy 83
McAllen, TX 78501

Dear Ms. Torres:

On October 29, 2019, South Texas College awarded a contract to Hobby Lobby Store for In-Store Purchase of Materials, and Supplies. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The second renewal period will be from November 27, 2020 through November 26, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 26, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
3200 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

10c

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Sam's Club
Attn: Mr. Carlos Garcia, Manager
1400 E. Jackson
McAllen, TX 78503

Dear Mr. Garcia:

On October 29, 2019, South Texas College awarded a contract to Sam's Club for In-Store Purchase of Materials, and Supplies. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The second renewal period will be from November 27, 2020 through November 26, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 26, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____



Purchasing Department
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10d

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

September 2, 2020

Walmart
Attn: Mr. Juan Pena Jr., ASM
2410 E. Exp. 83
Mission, TX 78572

Dear Mr. Pena:

On October 29, 2019, South Texas College awarded a contract to Walmart for In-Store Purchase of Materials, and Supplies. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the first year of the contract and would like to renew for an additional one-year period. The second renewal period will be from November 27, 2020 through November 26, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through November 26, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____

SOUTH TEXAS COLLEGE
11. INSTITUTIONAL MEMBERSHIP - TACC

NAME			Texas Association of Community Colleges (TACC)	
ADDRESS			1304 San Antonio Ste 201	
CITY/STATE/ZIP			Austin, TX 78701	
PHONE			512-476-2572	
FAX			512-476-0262	
CONTACT			Jacob Fraire	
#	Qty	Description	Unit Price	Extension
1	1	Association Membership Dues Period: 9/1/20 - 8/31/21	\$ 54,725.00	\$ 54,725.00
2	1	Building Assessment	\$ 14,658.00	\$ 14,658.00
3	1	Mathmatics Pathways	\$ 9,772.00	\$ 9,772.00
TOTAL AMOUNT			\$ 79,155.00	

SOUTH TEXAS COLLEGE
12. COMMUNICATION SOFTWARE AGREEMENT

NAME			Hit Labs, Inc.	
ADDRESS			2000 W Ashton Blvd Ste 425	
CITY/STATE/ZIP			Lehi, UT 84043	
PHONE			Ben Cannon	
CONTACT			801-419-1243	
#	Qty	Description	Unit Price	Extension
1	1	Communication Software Agreement - Pronto Period: 10/1/20 - 9/30/21	\$ 74,250.00	\$ 74,250.00
TOTAL AMOUNT			\$ 74,250.00	

SOUTH TEXAS COLLEGE

13. STUDENT ENROLLMENT MANAGEMENT SYSTEM AGREEMENT

NAME			Admissions US, LLC., a wholly owned subsidiary of Anthology, Inc. (fka Campus Management, Corp.)	
ADDRESS			5201 Congress Ave	
CITY/STATE/ZIP			Boca Raton, FL 33487	
PHONE			561-923-2500	
FAX			561-999-0096	
CONTACT			Tiffany Armer	
#	Qty	Description	Unit Price	Extension
1	1	Chat Services and Radius by Campus Management CRM and Application Period: 9/27/20 - 9/26/21	\$ 50,727.50	\$ 50,727.50
TOTAL AMOUNT			\$	50,727.50

Review and Action as Necessary on Disposal of Surplus Property and to Write-off Obsolete Fixed Assets/Capital Assets Valued at \$5,000 and Over

Approval on disposal of surplus property valued at \$5,000 through a live auction and to write-off obsolete fixed assets/capital assets valued at \$5,000 and over will be requested at the September 22, 2020 Board of Trustees meeting.

Purpose – The Fixed Asset/Inventory Department is requesting the disposal of surplus property through a live auction and to write-off obsolete fixed assets/capital assets.

These assets are part of the College's inventory; therefore, approval is also requested for these assets be removed from inventory and the general ledger.

Justification – The request for action on these two items is necessary as follows:

A. Disposal of Surplus Property

The disposal of surplus property includes obsolete, damaged, and not functioning items that need to be disposed of for safety purposes and due to the lack of storage area for surplus property.

The items valued over \$5,000 are included in the College's inventory through the Banner system and need to be disposed through live auction as per Policy 5135: Disposal of Surplus Property.

The surplus property goes through an evaluation process by the departments to determine if the items are damaged beyond repair and unable to be utilized throughout the College district. After this evaluation process, the department submits a request to have the property removed from their department and relocated to the Shipping and Receiving Warehouse surplus area.

The auction items are located at the South Texas College Receiving Department, 3700 W. Military Hwy., McAllen, TX. The auction will be scheduled in the Fall at the auctioneers' site due lack of space at the Central Receiving Warehouse.

B. Write-off Obsolete Fixed Assets/Capital Assets

The assets needing to be written-off includes software license, duplicate assets, and not found assets.

As per Policy #5130: Fixed Assets, the capital assets value and associated accumulated depreciation will be written-off from the College's capital asset ledger and the reduction will be reflected on the Comprehensive Annual Financial Report as of August 31, 2020.

The Fixed Asset/Inventory Department is requesting to write-off obsolete fixed assets/capital assets valued at \$5,000 and over, for obsolete and no longer in use software programs. These assets totaling \$1,981,468.47 will be removed, as applicable, from the College's inventory system and general ledger.

Reviewers – The list for the disposal of surplus property items is reviewed by Director of Purchasing and Distribution Manager. The write-off obsolete fixed assets/capital assets are items that have not been located and the software is no longer in use.

Enclosed Documents - The three (3) lists of the items to be auctioned and the listing of the fixed assets/capital assets valued at \$5,000 follow in the packet for the Committee's review and information.

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval, at the September 22, 2020 Board meeting, on the disposal of surplus property valued at \$5,000 and over through a live auction and for these capital assets to be removed from the College's fixed assets ledger. Also, to write-off obsolete fixed assets/capital assets valued at \$5,000 and over totaling \$1,981,468.47 and to remove them from the College's inventory system and general ledger as presented.

SOUTH TEXAS COLLEGE
SURPLUS PROPERTY VALUED AT OVER \$5,000 - LIST #71
SEPTEMBER 22, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Amount	Net Book Value	Ptag	Condition
39	1 EA	Hampden H-CRT-1 Commercial Refrigeration Trainer	39149	0000000019		8/31/1993	\$ 5,631.00	\$ -	000001061	Obsolete
GT 11	1 EA	Hampden H-PCT-1 Pneumatic Control Trainer	65880	0000000307		12/16/1995	\$ 8,090.00	\$ -	000001549	Obsolete
GT 12	1 EA	Hampden H-PCT-1 Pneumatic Control Trainer	65881	0000000308		12/16/1995	\$ 8,090.00	\$ -	000001550	Obsolete
60	1 EA	Hampden H-ACD-1 Conditioning Demonstration	67328	0000000791		10/16/1996	\$ 12,088.00	\$ -	000000791	Obsolete
GT 2	1 EA	Hampden H-IRT-1 Industrial Refrigeration Trainer	67327	0000000781	5000002395	10/16/1996	\$ 13,731.00	\$ -	000000781	Obsolete
GT 8	1 EA	Hampden H-IMD-1 Ice Machine Demonstrator	71390	0000002951	5000000187	10/2/1998	\$ 7,694.75	\$ -	000003002	Obsolete
GT 9	1 EA	Hampden H-MACK-9C Refrigeration Demonstrator	71391	0000002953	5000000186	10/2/1998	\$ 5,632.00	\$ -	000003003	Obsolete
61	1 EA	Hillrom Retractable Bed Advanced Series	1105-50-M44-A	0000002956		2/5/1999	\$ 5,800.20	\$ -	000012638	Obsolete
62	1 EA	Hillrom Retractable Bed Advanced Series	110557M33A	0000002961		2/5/1999	\$ 5,800.20	\$ -	000003011	Obsolete
64	1 EA	Hillrom Retractable Bed Advanced Series	110556M89A	0000002962		2/5/1999	\$ 5,800.20	\$ -	000003012	Obsolete
66	1 EA	Hillrom Retractable Bed Advanced Series	110557M07A	0000002960		2/5/1999	\$ 5,800.20	\$ -	000003010	Obsolete
GT 3	1 EA	Hillrom Advance Retract Bed	1105-47M97-A	0000002965	5000000223	2/15/1999	\$ 5,113.08	\$ -	000003014	Obsolete
63	1 EA	Hillrom Hospital Bed	1105-40P89A	0000003634		4/12/2000	\$ 6,217.69	\$ -	000004335	Obsolete
65	1 EA	Hillrom Hospital Bed	1105-40P90A	0000003633		4/12/2000	\$ 6,217.69	\$ -	000004334	Obsolete
GT 5	1 EA	Hampden H-CRT-3 Refrigeration Demonstrator	79675	0000006097	5000002646	7/10/2001	\$ 9,235.30	\$ -	000006461	Obsolete
GT 4	1 EA	Hampden H-IMD-1 Ice Machine Demonstrator	80333	0000005736	5000001137	8/20/2001	\$ 5,917.00	\$ -	000006632	Obsolete
GT 13	1 EA	Single Zone Control System	87721	0000008853	5000005365	5/21/2004	\$ 5,665.50	\$ -	000009807	Obsolete
GT 14	1 EA	Single Zone Control System	87724	0000008851	5000005363	5/21/2004	\$ 5,665.50	\$ -	000009805	Obsolete
GT 15	1 EA	Single Zone Control System	87719	0000008850	5000005362	5/21/2004	\$ 5,665.50	\$ -	000009804	Obsolete
GT 15	1 EA	Single Zone Control System	87720	0000008854	5000005366	5/21/2004	\$ 5,665.50	\$ -	000009808	Obsolete
GT 17	1 EA	Single Zone Control System	87722	0000008848	5000005360	5/21/2004	\$ 5,665.50	\$ -	000009802	Obsolete
GT 17	1 EA	Single Zone Control System	87723	0000008849	5000005361	5/21/2004	\$ 5,665.50	\$ -	000009803	Obsolete
GT 17	1 EA	Single Zone Control System	87725	0000008852	5000005364	5/21/2004	\$ 5,665.50	\$ -	000009806	Obsolete
GT 13	1 EA	Hampden Trainers H-SZCT	89615	0000010172	5000005630	2/8/2005	\$ 5,665.50	\$ -	000011046	Obsolete
GT 14	1 EA	Hampden Trainers H-SZCT	89613	0000010170	5000005628	2/8/2005	\$ 5,665.50	\$ -	000011044	Obsolete
GT 14	1 EA	Hampden Trainers H-SZCT	89617	0000010177	5000005635	2/8/2005	\$ 5,665.50	\$ -	000011051	Obsolete
GT 14	1 EA	Hampden Trainers H-SZCT	89608	0000010178	5000005636	2/8/2005	\$ 5,665.50	\$ -	000011052	Obsolete
GT 15	1 EA	Hampden Trainers H-SZCT	89614	0000010176	5000005634	2/8/2005	\$ 5,665.50	\$ -	000011050	Obsolete
GT 15	1 EA	Hampden Trainers H-SZCT	89611	0000010168	5000005626	2/8/2005	\$ 5,665.50	\$ -	000011042	Obsolete
GT 16	1 EA	Hampden Trainers H-SZCT	89607	0000010169	5000005627	2/8/2005	\$ 5,665.50	\$ -	000011043	Obsolete
GT 16	1 EA	Hampden Trainers H-SZCT	89609	0000010173	5000005631	2/8/2005	\$ 5,665.50	\$ -	000011047	Obsolete
GT 16	1 EA	Hampden Trainers H-SZCT	89610	0000010174	5000005632	2/8/2005	\$ 5,665.50	\$ -	000011048	Obsolete
GT 17	1 EA	Hampden Trainers H-SZCT	89616	0000010171	5000005629	2/8/2005	\$ 5,665.50	\$ -	000011045	Obsolete
GT 16	1 EA	Hampden Trainers H-SZCT	89612	0000010175	5000005633	4/11/2005	\$ 8,255.00	\$ -	000011079	Obsolete
GT 1	1 EA	MegaCode Kelly 200-05050 Vital Sim Capable Manikin	306460	17453	5000005992	3/1/2006	\$ 5,663.20	\$ -	N00012822	Damage
GT 1	1 EA	Laerdal SimBaby Infant Training Manikin		13221	5000005943	4/4/2006	\$ 29,026.70	\$ -	N00012793	Obsolete
GT 7	1 EA	Drykor UDT 7.5 Dehumidifier	1527-04	15868	5000007441	4/21/2006	\$ 5,025.00	\$ -	N00012792	Obsolete
GT 10	1 EA	QS/1 Dispensing Machine	43H5248	16329	5000007546	8/8/2007	\$ 27,550.00	\$ -	N00015888	Obsolete
GT 13	1 EA	Hampden Multi-Zone Building Management	97430	13788	5000010732	8/29/2008	\$ 15,148.00	\$ -	N00017048	Obsolete
GT 1	1 EA	Nursing Anne Female Training Manikin	325M22090019	17671	5000019056	6/19/2009	\$ 5,195.00	\$ -	N00017595	Damage
59	1 EA	Honeywell HCCM474M Security Camera	P8120461			FY2009		\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P8110556			FY2010		\$ -		Obsolete
40	25 BXS	Library Books						\$ -		Obsolete
41	34 BXS	Library Books						\$ -		Obsolete

SOUTH TEXAS COLLEGE
SURPLUS PROPERTY VALUED AT OVER \$5,000 - LIST #71
SEPTEMBER 22, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Amount	Net Book Value	Ptag	Condition
42	36 BXS	Library Books						\$ -		Obsolete
43	24 BXS	Library Books						\$ -		Obsolete
45	36 BXS	Library Books						\$ -		Obsolete
46	30 BXS	Library Books						\$ -		Obsolete
47	24 BXS	Library Books						\$ -		Obsolete
49	37 BXS	Library Books						\$ -		Obsolete
50	35 BXS	Library Books						\$ -		Obsolete
51	24 BXS	Library Books						\$ -		Obsolete
52	30 BXS	Library Books						\$ -		Obsolete
53	32 BXS	Library Books						\$ -		Obsolete
52	25 BXS	Library Books						\$ -		Obsolete
53	25 BXS	Library Books						\$ -		Obsolete
59	27 EA	Honeywell HHC12WM Security Camera Housing						\$ -		Obsolete
59	10 EA	Black Security Camera Mounts						\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7050297					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110049					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7050280					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110024					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110019					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P5120117					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7050295					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P4004627					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P5121145					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P5004781					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7050288					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110021					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7060843					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7050283					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6091339					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7060937					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P5121037					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6091341					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110025					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110009					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6010019					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6091305					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6010022					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7060833					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110036					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P4002564					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P7060839					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P4002848					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110013					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110008					\$ -		Obsolete

SOUTH TEXAS COLLEGE
SURPLUS PROPERTY VALUED AT OVER \$5,000 - LIST #71
SEPTEMBER 22, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Amount	Net Book Value	Ptag	Condition
59	1 EA	Honeywell HCCM474M Security Camera	P6110003					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P6110015					\$ -		Obsolete
59	1 EA	Honeywell HCCM474M Security Camera	P4002846					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P5100142					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P5090013					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010252					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010153					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010163					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010155					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010253					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010098					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera	P6010161					\$ -		Obsolete
59	1 EA	Honeywell HCC474M Security Camera						\$ -		Obsolete
59	1 EA	Honeywell Dome Security Camera ORB0012-00	F03-051640					\$ -		Obsolete
59	1 EA	Honeywell Dome Security Camera ORB0012-00	F03-132009					\$ -		Obsolete
59	1 EA	Honeywell Dome Security Camera G18XNVC1-00	H03-200960					\$ -		Obsolete
59	1 EA	Honeywell Dome Security Camera G18CNVC1-00	G06-179528					\$ -		Obsolete
59	1 EA	Honeywell Dome Security Camera ORB0012-00	F03-051671					\$ -		Obsolete

List #71

SOUTH TEXAS COLLEGE
SURPLUS PROPERTY VALUED AT OVER \$5,000 - LIST #74
SEPTEMBER 22, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Amount	Net Book Value	Ptag	Condition
GT 20	1 EA	Hampden H-ACD-1 Conditioning Demonstration	67328	0000000791		10/16/1996	\$ 12,088.00	\$ -	000000791	Obsolete
GT 19	1 EA	Hunter R611 Mobile Aligner	CK9049	0000004885	5000002294	6/9/2000	\$ 26,055.90	\$ -	000004586	Obsolete
GT 22	1 EA	Hunter Wheel Alignment Part #R611M-17T	DM8896	0000007749	5000002975	5/31/2002	\$ 23,704.00	\$ -	000008424	Obsolete
GT 18	1 EA	SimMan Advantech PPC-105T Interface	TPO0008463	0000008353	5000003967	2/5/2003	\$ 38,530.00	\$ -	000009174	Incomplete
GT 21	1 EA	Hunter Wheel Alignment L-421-43	DM8127	0000008322	5000005102	6/2/2003	\$ 14,436.00	\$ -	000009152	Obsolete
74	1 EA	2004 FT2-80 Taylor Golf Car Aristocrat - Unit #24	161382	0000011334		10/01/2004	\$ 8,748.10	\$ -	000010667	Obsolete
75	1 EA	2004 FT2-80 Taylor Golf Car Aristocrat - Unit #23	161381	0000011327		10/01/2004	\$ 9,148.10	\$ -	000010666	Obsolete
77	1 EA	Thermocycler-PCR Machine	14199	18231		9/29/2009	\$ 6,000.00	\$ -	N00017877	Obsolete
73	1 EA	JVC HD Camcorder	096M0625	19144		05/20/2011	\$ 5,289.78	\$ 440.97	N00019330	Obsolete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110006	19150	5000010318	6/7/2011	\$ 5,369.00	\$ 492.34	N00019046	Incomplete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110003	19155	5000010321	6/7/2011	\$ 5,369.00	\$ 492.34	N00019048	Incomplete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110012	19154	5000010320	6/7/2011	\$ 5,369.00	\$ 492.34	N00019047	Incomplete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110007	19151	5000010319	6/7/2011	\$ 5,369.00	\$ 492.34	N00019049	Incomplete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110008	19152	5000019381	6/7/2011	\$ 5,369.00	\$ 492.34	N00019044	Incomplete
GT 18	1 EA	Laerdal VitalSim Simulator and Accessories	325M21110001	19153	5000019380	6/7/2011	\$ 5,369.00	\$ 492.34	N00019045	Incomplete

List 74

SOUTH TEXAS COLLEGE
SURPLUS PROPERTY VALUED AT \$5,000 AND ABOVE - LIST #83
SEPTEMBER 22, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Amount	Net Book Value	Ptag	Condition
80	1 EA	Hydraulics Pneumatic Trainer	12270	000000156		8/31/1993	\$ 6,433.00	\$ -	000001051	Obsolete
83	1 EA	Hillrom Retractable Bed Advanced Series	1105-50-M44-A	0000002956		2/5/1999	\$ 5,800.20	\$ -	000012638	Obsolete
84	1 EA	Hillrom Retractable Bed Advanced Series	110557M33A	0000002961		2/5/1999	\$ 5,800.20	\$ -	000003011	Obsolete
86	1 EA	Hillrom Retractable Bed Advanced Series	110556M89A	0000002962		2/5/1999	\$ 5,800.20	\$ -	000003012	Obsolete
88	1 EA	Hillrom Retractable Bed Advanced Series	110557M07A	0000002960		2/5/1999	\$ 5,800.20	\$ -	000003010	Obsolete
85	1 EA	Hillrom Hospital Bed	1105-40P89A	0000003634		04/12/2000	\$ 6,217.69	\$ -	000004335	Obsolete
87	1 EA	Hillrom Hospital Bed	1105-40P90A	0000003633		04/12/2000	\$ 6,217.69	\$ -	000004334	Obsolete
GT 24	1 EA	Nikon Microscope 800 Zoom 83400 SMZ	00007736	0000004765	5000000980	6/7/2001	\$ 6,149.60	\$ -	000006396	Obsolete
GT 25	1 EA	Customized Classroom Lectern		0000006192	5000003828	11/13/2001	\$ 8,278.05	\$ -	000007507	Obsolete
GT 26	1 EA	Customized Classroom Lectern		0000006195	5000003831	11/13/2001	\$ 8,278.05	\$ -	000007510	Obsolete
GT 23	1 EA	Hunter Alignment System PN: R611PM27	GM8689	6240	5000004392	8/7/2002	\$ 23,313.50	\$ -	000007789	Obsolete
81	1 EA	Polycom PN4-14XX Viewstation	02696C	0000012101		1/9/2003	\$ 10,362.06	\$ -	000008927	Damaged
78	1 EA	2003 GMC Cargo Truck - Unit #15	4KDB4B1R93J802286	0000008345		2/7/2003	\$ 31,659.46	\$ -	000009006	Obsolete
GT 27	1 EA	Micro-Vu (Matrix Mill)	6247	15470	5000007003	5/25/2006	\$ 28,800.00	\$ -	N00012818	Obsolete
79	1 EA	2010 Kawasaki Golf Car - PD Gator 3 - Unit #28	RX0845-975835	18625		7/8/2009	\$ 10,013.69	\$ -	N00017606	Obsolete

List #83

SOUTH TEXAS COLLEGE
WRITE OFF ASSETS THAT ARE NOT FOUND VALUED AT \$5,000.00 AND OVER - LIST #8
SEPTEMBER 8, 2020

83

Ptag	ORGN	PO	Asset Description	Serial Number	Silver Tag	ACQD_DT	Total	Missing	Net Book Value
000001538	450006	P602642	Repairs On Porch Overhangs	N/A	17173	7/23/1996	\$ 5,516.00	4/29/2015	\$ -
000000871	520003	P700365	Network Server	SG63200113	0000000763	2/20/1997	\$ 12,563.64	6/5/2014	\$ -
000001083	520003	P703173	Digital Prioris Zx 6 200 #Fr-932ww-Ab	KN638DF514	0000000937	8/7/1997	\$ 20,495.00	6/5/2014	\$ -
000001137	224013	P703095	File Server	23DN455	0000000997	8/19/1997	\$ 6,063.00	4/27/2016	\$ -
000002235	445000	P703049	Pro Line Video	N/A	26085	3/3/1998	\$ 127,950.50	3/9/2016	\$ -
000002290	224013	P803851	Scanmark 2500 Scoring Package	AR-04216	0000001724	6/22/1998	\$ 5,715.00	4/27/2016	\$ -
000002561	420005	P804888	Radiographic/Fluoro Kit	44731	0000001914	8/31/1998	\$ 5,346.00	7/11/2016	\$ -
000003900	520003	P901283	HP Netserver LH3 Pentium II	US84001443	0000002248	11/12/1998	\$ 8,695.07	6/5/2014	\$ -
000003877	420005	P901283	Catalyst 5505	66521923	0000002206	11/12/1998	\$ 11,477.62	7/11/2016	\$ -
000003937	210009	P902492	Autocad Software V14	N/A	26262	2/11/1999	\$ 20,870.00	3/4/2015	\$ -
000003862	445000	P902913	TC1000 27" Monitor	TC08647	0000002478	4/9/1999	\$ 29,467.60	3/9/2016	\$ -
000004812	420005	P204921	Lucent PEC#63156A DS1/DMI Trunk Interface Card	N/A	22396	7/17/2000	\$ 11,047.40	7/11/2016	\$ -
000005721	221104	N/A	IBM AS/400 Mini Computer	N/A	26230	8/31/2000	\$ 371,932.00	9/28/2015	\$ -
000004744	445000	N/A	500011133313 Tandberg Vision	N/A	0000004989	8/31/2000	\$ 12,500.00	3/9/2016	\$ -
000005720	221102	N/A	Lacerte Software Corporation	N/A	32138	8/31/2000	\$ 8,560.00	5/1/2017	\$ -
000005978	442000	P100911	York 25 Ton Electric Heat/Electric Cool	NKJM124264	0000005190	11/7/2000	\$ 5,544.13	4/11/2014	\$ -
000006893	420005	P106776	Telephone System	CNMYAD9GAA	0000006071	8/31/2001	\$ 91,310.92	4/17/2017	\$ -
000007559	445000	P403987	Adtran Cisco Converter 420030511 Atlas	SY5031786	26248	3/20/2002	\$ 6,658.20	9/15/2015	\$ -
000007544	221402	N/A	Microsoft Software Working Connections	N/A	26246	5/5/2002	\$ 369,295.00	7/1/2015	\$ -
000007545	221402	N/A	Microsoft Software Working Connections	N/A	26247	5/5/2002	\$ 369,295.00	7/1/2015	\$ -

SOUTH TEXAS COLLEGE
WRITE OFF ASSETS THAT ARE NOT FOUND VALUED AT \$5,000.00 AND OVER - LIST #8
SEPTEMBER 8, 2020

Ptag	ORGN	PO	Asset Description	Serial Number	Silver Tag	ACQD_DT	Total	Missing	Net Book Value
000007557	221101	P405412	HP Printer LJ8550dn	JPMBQ36438	0000007706	5/23/2002	\$ 5,649.00	5/3/2017	\$ -
000008132	520003	P405619	DS20E Alphaserver	4226JN52A022	0000007741	7/18/2002	\$ 14,682.39	6/5/2014	\$ -
000009157	450002	P300715	Rapid Eye Multi Vision Arm 4L500	N/A	17183	9/24/2002	\$ 8,825.65	4/29/2015	\$ -
000009223	221404	P304082	Autodesk ACES System Solution Software	N/A	26087	4/2/2003	\$ 31,250.00	3/9/2017	\$ -
000009324	450002	P303406	Security Equipment Camera	N/A	17184	8/29/2003	\$ 7,823.00	4/29/2015	\$ -
000010607	420005	P413907	Catalyst 7206	CNM2WCOARC	0000006242	4/29/2004	\$ 37,296.73	4/17/2017	\$ -
000009881	221402	P413748	Aces Autodesk Software	N/A	26256	6/17/2004	\$ 32,500.00	7/1/2015	\$ -
000010559	520002	P413917	Catalyst 3750	CAT0817Y1KC	0000010830	8/31/2004	\$ 7,849.90	4/24/2017	\$ -
000012657	221402	P505249	Aces System Lease Renewal	N/A	26257	5/4/2005	\$ 31,325.00	7/1/2015	\$ -
List #FA8							\$ 1,677,503.75		

SOUTH TEXAS COLLEGE
LIST OF ASSETS FOR WRITE-OFF VALUED AT \$5,000.00 AND OVER - LIST #10
SEPTEMBER 8, 2020

Ptag	PO	Asset Description	Serial Number	Silver Tag	ACQD_DT	Total	Net Book Value	Missing
000003186	P990006	Plato Software Pkg #7	N/A	26217	10/7/1998	\$ 34,961.90	\$ -	5/15/2017
000003756	P903673	Fiber Optic Data	N/A	22656	4/27/1999	\$ 35,346.12	\$ -	4/4/2017
000003941	P904345	Definity Prologix Solutions System	N/A	22654	6/9/1999	\$ 54,162.54	\$ -	4/4/2017
000006687	P106901	Accutrack Software License	N/A	34080	8/13/2001	\$ 9,200.00	\$ -	4/18/2017
000009693	P412266	Server SFV440:4-1 1.06GHz 8GB 4-36 GB	000045103480057B7	0000008696	1/16/2004	\$ 25,768.75	\$ -	4/24/2017
000011226	P501448	1996 Chevy Highlift Bucket Truck	1GBKC34F9TJ07177	0000011329	10/22/2004	\$ 9,850.00	\$ -	4/15/2014
000011107	Donation	1989 Pontiac Grand Prix	1G2WK14W6KF245267	0000009898	4/11/2005	\$ 10,975.00	\$ -	11/8/2005
000011087	Donation	1993 Chevy Blazer	1GNCT1829P0115193	0000009834	4/11/2005	\$ 10,135.00	\$ -	6/18/2018
000011230	P502098	Adtran Altas 550 Router CSU EN Fast	F02F7944	0000009975	4/20/2005	\$ 5,269.11	\$ -	4/4/2017
N00014437	Land Improvement	Pecan Fence North 40 Casso's Home	N/A	21216	9/15/2005	\$ 64,380.00	\$ 22,034.79	5/31/2019
N00015513	P0011622	BIG-IP Local Traffic Mgr	BIP227338S	16005	5/1/2007	\$ 13,000.00	\$ -	4/24/2017
N00018512	P0036513	Catalyst 3750V2 48 10/100 PoE+4	FDO1421K21VQ	18978	8/13/2010	\$ 5,127.30	\$ -	4/4/2017
N00023562	Donation	Artwork: Trafficked by Lynn Randolph *	N/A	25870	7/31/2015	\$ 20,000.00	\$ -	2/5/2018
N00034104	P0112248	CZ245A#BGJ HP LaserJet Printer	JPDCM743WQ	42527	8/20/2019	\$ 5,789.00	\$ 5,017.16	8/31/2019
List #FA10						\$ 303,964.72		

* Artwork was loaned to a museum in Houston, Texas, and was destroyed en route by the carrier. The artwork was insured and the College received payment for the claim.

Review and Update on Clery Act and Violence Against Women Act (VAWA) Compliance

Ruben Suarez, Acting Chief of Police for the Department of Public Safety will present an update on the College's compliance with the Jeanne Clery (Clery Act) Disclosure of Campus Security Policy and Campus Crime Statistics Act and Violence Against Women Act (VAWA).

Purpose – The presentation will provide a brief overview of the Clery Act and VAWA.

Justification – The U.S. Department of Education, through its Office of Civil Rights, enforces compliance with Clery Act and VAWA to ensure that institutions that receive federal financial assistance from the U.S. Department of Education comply with the law.

The Higher Education Act (HEA) of 1965, now generally known and referred to as the “Clery Act” requires all postsecondary institutions participating in Title IV student financial assistance programs to disclose campus crime statistics and security information.

The Violence Against Women Act (VAWA) is a federal law enacted in 1994 and requires procedures addressing complaint of domestic violence, dating violence, sexual assault, and stalking.

The Violence Against Women Act Reauthorization Act of 2013 amended the Jeanne Clery Act and requires institutions to disclose statistics, policies and procedures, educational programs and resources to address domestic violence, dating violence, sexual assault, and stalking. The VAWA was amended in 2013 to include disclosure of the new category of hate crimes.

Enclosed Documents – The Clery Act and VAWA PowerPoint Presentation follows in the packet for the Committee's information and review.

No action is required from the Committee. This item is presented for information and feedback to staff.

Clery Act & the Violence Against Women Act

SEPTEMBER 8, 2020

PRESENTED BY:

MARY G. ELIZONDO

Vice President For Finance And Administrative Services, Title IX Coordinator

RUBEN SUAREZ

Acting Chief of Police



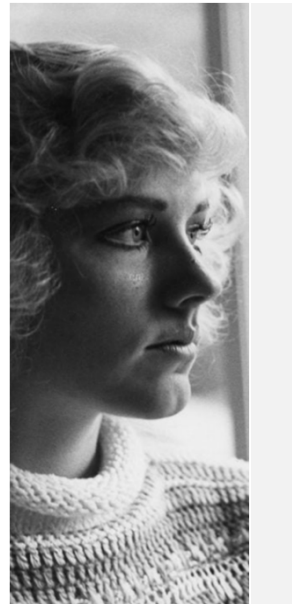
Objectives

- Program Overview:
 - Geography
 - Crime Statistics
 - Collection Statistics
 - Daily Log Crime Log
 - Timely Warnings
 - Emergency Notifications
 - Policy Statements
 - Policies, Procedures, Annual Security Report



Clery Act

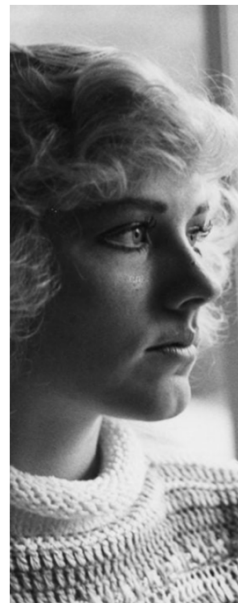
- In 1986, Jeanne Clery was raped and murdered in her dorm room at Lehigh University.
- 1998 Amendment renamed the:
 - Crime Awareness and Campus Security Act of 1990, in her memory to: Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (The Clery Act)



3

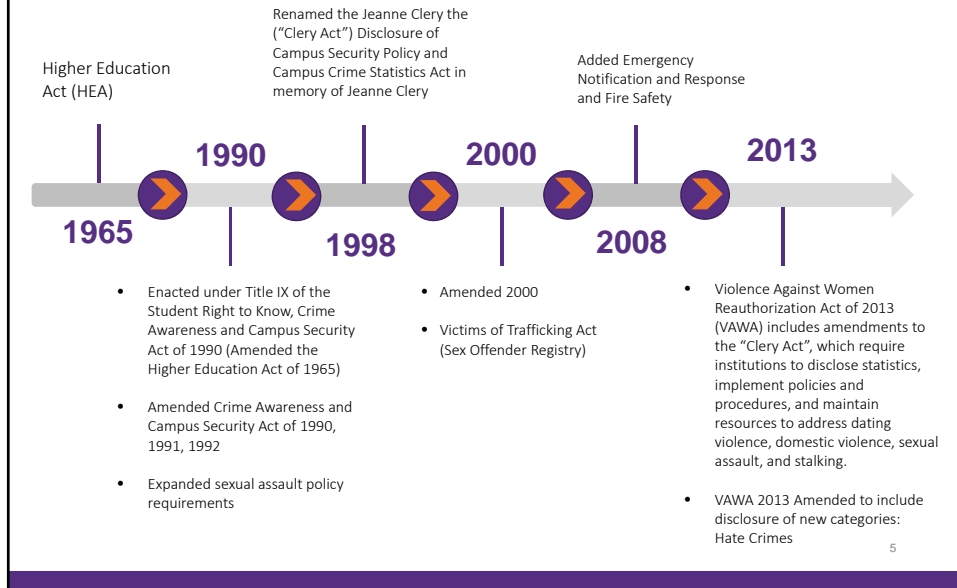
Clery Act

- The goal of this federal law is to ensure that students, prospective students, parents and employees have access to accurate information about crimes committed on campuses, campus security procedures and information, as well as information about prevention programming.



4

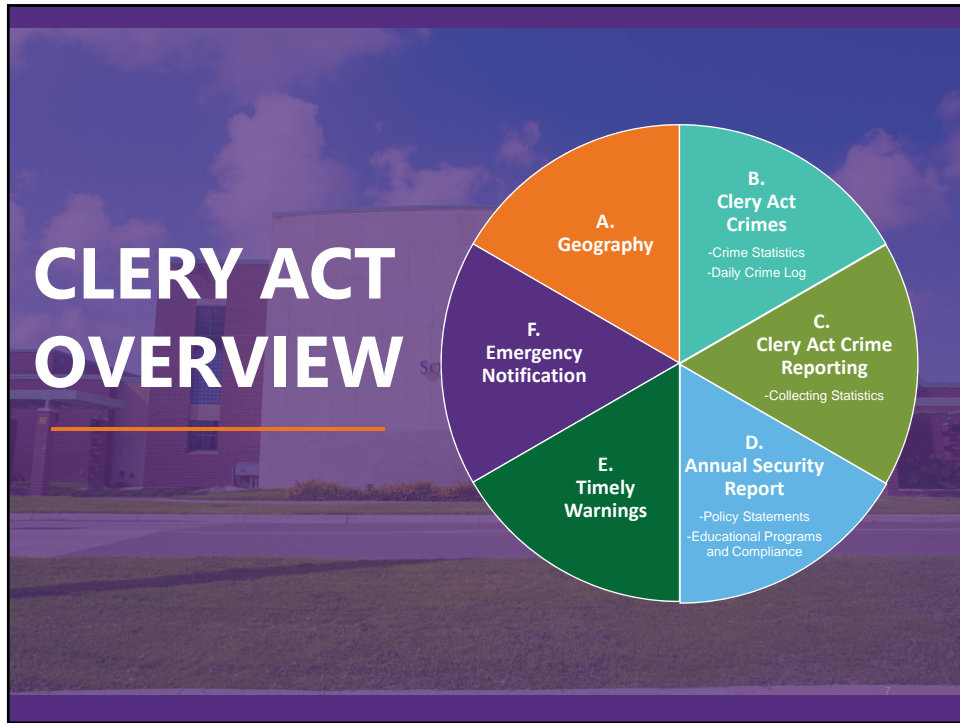
History of Campus Safety Acts



The Handbook of Campus Safety and Security Reporting

"Clery Act Overview". U.S. Department of Education Office of Postsecondary Education, 2016 Edition (or "Clery Handbook"):

- A step by step guide to meet the various Higher Education requirements.
- Reflects Department of Education's interpretations and guidance, including definitions of relevant crimes also covered by Title IX
- Intended for use to evaluate an institution's compliance



SOUTH TEXAS COLLEGE CLERY ACT GEOGRAPHY

On Campus

- Pecan Campus
- Pecan Plaza
- Mid-Valley Campus
- Starr County Campus
- Regional Center for Public Safety Excellence
- Technology Campus
- Nursing And Allied Health Campus

Public Property

- Public Roads And Sidewalks Adjacent to South Texas College Property

Non-Campus Buildings and Property

- Pharr Teaching Center
- La Joya Higher Education Teaching Center

8

Crimes Statistics

- The types of crimes that are included in the Clery Act crime statistics reports include four general categories:



9

Daily Crime Log

- Purpose is to record all criminal incidents and alleged criminal incidents that are reported to the campus police or security department.
- Required Crime Log Elements include: Nature of the crime, General Location, Date/Time Occurrence, Disposition, Date Reported
- Must be accessible on-site in either hard copy or electronic format and the College must publicize its availability.
- Must be open for public inspection.
- Hard copy is available at each College campus and at the South Texas College Department of Public Safety.

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Example of a Daily Crime Log

**Daily Crime Log
Calendar Year 2020**

Nature (Classification)	Case Number	Date/Time Reported	Date/Time Occurred	General Location	Disposition
Larceny	2020-00003	01/20/2020 1505hrs	01/10/2020 0800hrs	Building K-Pecan	Closed 05/24/20
Vandalism	2020-00010	01/27/2020 1231hrs	01/17-01/22/20	Cooper Center	Closed 05/24/20
Vandalism	2020-00035	03/12/20 1937hrs	03/12/20 1930hrs	Building U-Pecan	Open
Liquor Law Violation	2020-00150	05/23/20 0300hrs	05/23/20 0300hrs	Lot 3-Pecan	Judicial Referral
Simple Assault-Dating Violence	2020-00270	06/19/20 1735hrs	06/19/20 1735hrs	Building A-Tech	Closed 06/22/20

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CLERY ACT CRIMES

1

PRIMARY CRIMES

- Criminal Homicide
- Sexual Offenses
- Robbery
- Aggravated Assault
- Burglary
- Motor Vehicle Theft
- Arson

2

HATE CRIMES

- Larceny-theft*
- Simple Assault*
- Intimidation*
- Destruction/Damage/Vandalism*
- Any Primary Crimes Motivated By Bias*

**Must Be Motivated By Bias To Meet Clery Act Reporting Guidelines*

3

VAWA OFFENSES

- Dating Violence
- Domestic Violence
- Sexual Assault
- Stalking

4

ARREST AND DISCIPLINARY REFERRALS

- Weapons Violations
- Drug Abuse Violations
- Liquor Law Violations

12

Collecting Statistics

South Texas College

- Pecan Campus
- Pecan Plaza
- Mid-Valley Campus
- Starr County Campus
- Regional Center for Public Safety Excellence
- La Joya Higher Education Teaching Center
- Technology Campus
- Nursing And Allied Health Campus

Local Police Department

- Pharr
- Rio Grande City
- Weslaco
- McAllen
- La Joya ISD



South Texas College Department of Public Safety

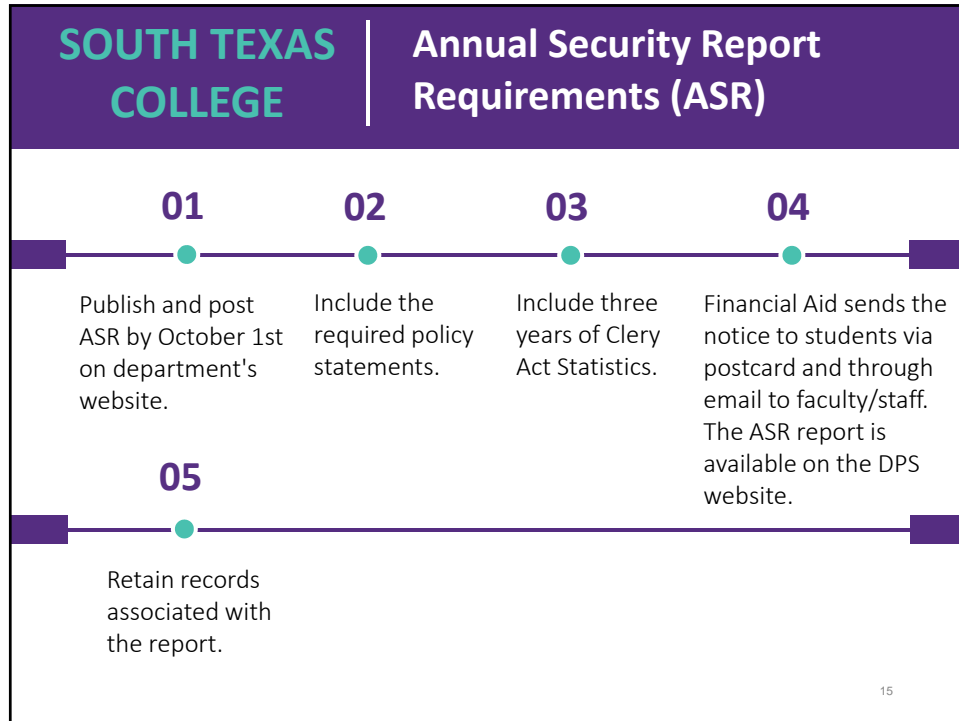
- ARMS: Automated Report Management System

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Annual Security Report (ASR)

- Must be published and posted on the Department of Public Safety website for students and employees to view by **October 1st** of every year with no grace period which includes the following:
 - Publish Policy Statements and Crime Statistics
 - Arrest and Disciplinary Referral Statistics
 - Hate Crime Statistics
 - Unfounded Crime Statistics

14



"Intent of a warning regarding a criminal incident(s) is to enable people to protect themselves. Warning should be issued as soon as pertinent information is available."

(2016 Handbook, p.6-1).

TIMELY WARNINGS

Requirements

- Is it a Clery Act crime?
- Reported to Campus Security Authority (CSA) or police department.
- Occurred within the institution's Clery Act Geography.
- Serious or continuous threat.

What must it contain

- Date and time, incident description
- Information that will promote safety and aid in the prevention of similar crimes
- Suspect information
- Police/Public Safety agency contact information

How is it distributed?

- RAVE Mass text, email, and voice messages.
- Campus website
- Combination of Methods

Who Issues?

- Chief of Police or designee evaluates situation and writes timely warning to be distributed.

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A timely warning is not required when the incident appears to be a one-time occurrence and it does not represent a serious or continuing threat to students and employees.

TIMELY WARNINGS

Making the Decision to Issue a Timely Warning

Decided on a **case-by-case** basis in light of all the facts surrounding the crime including factors such as the following:

- The nature of the crime
- The continuing danger to the campus community
- The possible risk of compromising law enforcement efforts

17

"A significant emergency or dangerous situation occurring on the campus that involves an immediate threat to the health or safety of students or employees ."

(2016 Handbook, p.6-2).

EMERGENCY NOTIFICATION

Requirements

- Is it immediate or impending threat to the health and safety of students or employees?

What is confirmation?

- Institution official has verified a legitimate emergency or dangerous situation exists.

Types of incident examples

- Active Shooter
- Earthquake
- Severe Weather
- Gas Leak
- Outbreak of serious illness

How is it distributed?

- RAVE Mass text, email and voice messages.
- A combination of RAVE alerts and/or campus emails.
- Campus Emails to all students and employees.
- Local & social media and college website.

Who Issues?

- Chief of Police or designee evaluates situation and writes emergency notification after confirmation of situation on campus.

Type of Notifications

- Fire (would require a fire alarm and in some cases would also require a mass notification)

18

Policy Statements

- South Texas College 94 Annual Security Report (ASR) policy statements reflect our institution's unique security policies, procedures, and practices.
- Current campus ASR policy statements regarding how to report crime or emergencies
- Current ASR policy statement on security access to campus facilities and security considerations on the maintenance of campus facilities
- Current ASR policy statements concerning campus law enforcement jurisdiction and working relationship with other law enforcement

19

Educational Programs provided by institution and stated on ASR

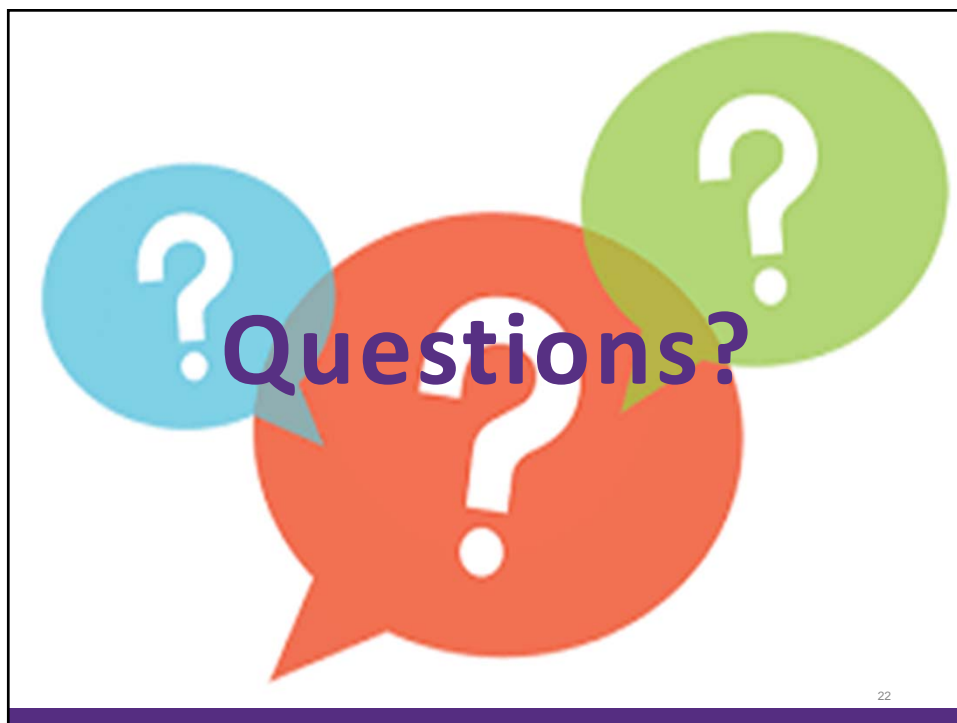
- Promoting Awareness, Prevention, Reporting Procedures
- Dating Violence
- Domestic Violence
- Sexual Assault
- Stalking
- Sex Offenders Information

20

Recent Training

- South Texas College Department of Public Safety personnel attended the D. Stafford & Associates Clery Act Training Academy on January 6-10, 2020 in Scottsdale, Arizona:
 - Ruben Suarez, *Acting Chief of Police*
 - Elizabeth Trevino, *Police Sergeant*
 - Johnny Barboza, *Police Sergeant*
 - Brittany Mouchet, *Coordinator*
 - Cindy Zavala, *Parking and Security Services Manager*
 - Alina Cantu, *Police and Transportation Services Manager*
 - Rene Avendano, *Police Compliance Coordinator*

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Thank You!

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Review and Recommend Acceptance of Internal Audit Report in the Area of Clery Act and Violence Against Women Act (VAWA)

Acceptance of the Internal Audit Report in the Area of Clery Act and Violence Against Women Act (VAWA) will be requested at the September 22, 2020 Board of Trustees meeting.

Purpose – To discuss the procedures, findings, and recommendations of the internal audit report in the area of Clery Act and Violence Against Women Act (VAWA) conducted by Mr. Khalil Abdullah, Internal Auditor.

Justification – Policy #5460: Internal Audit Function, states that it is the policy of the College to maintain an internal audit function to review and appraise business activities, integrity of records, and effectiveness of operations of the College in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

Background – The Clery Act and Violence Against Women Act (VAWA) Audit was included on the Finance, Audit, and Human Resources Committee's approved FY 2019 – 2020 audit plan. The Higher Education Act of 1965 required all postsecondary institutions participating in Title IV student financial assistance program to disclose campus crime statistics and security information. It is generally referred to as the Clery Act. In 2013, VAWA was signed into federal law by the President, which includes amendments to the Clery Act. These requirements required institutions to disclose statistics, policies, and programs related to dating violence, domestic violence, stalking, and sexual assault.

Enclosed Documents – The Internal Audit Report follows in the packet for the Committee's review and discussion.

In addition to the Internal Auditor's findings, included in the Audit Report, are management responses that encompass the experience, knowledge, and training of the South Texas College Department of Public Safety management team on the Clery Act and the Violence Against Women Act (VAWA). The former Chief Administrator of the Department of Public Safety, the current Acting Chief of Police, and six (6) staff members have attended the D. Stafford & Associates Clery Act Training Academy. Guidance regarding the Clery Act requirements is also obtained from the National Center for Higher Education Risk Management Group, LLC (TNG), a group of attorneys who specialize in the realm of Title IX, Clery Act, and VAWA requirements.

Dr. Shirley A. Reed, President, Mary Elizondo, Vice President for Finance and Administrative Services, and Khalil Abdullah, Internal Auditor, will be present at the Committee meeting to address any questions by the committee.

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the September 22, 2020 Board meeting, acceptance of the Internal Audit Report in the Area of Clery Act and Violence Against Women Act (VAWA) as presented.



OFFICE OF INTERNAL AUDITS

SOUTH TEXAS COLLEGE

3201 W. Pecan Blvd. • McAllen, Texas 78501 • Office (956) 872-6709

August 18, 2020

Dr. Shirley Reed, President
South Texas College
3201 W. Pecan Blvd.
McAllen, TX 78501

Dr. Reed,

As part of our fiscal year 2019 Audit Plan, the Office of Internal Audits completed the Clery and Violence Against Women Reauthorization Act (VAWA) Audit.

The objective of the audit was to determine whether adequate processes and controls are in place to provide assurance that the College complies with the Clery, and Violence against Women Reauthorization Act. The scope for the audit included activity from FY 2017 through FY 2019.

We appreciated the assistance provided by South Texas College's management and other personnel. We hope the information and analyses presented in our report are helpful.

Respectfully submitted,

Khalil M. Abdullah CPA, CIA, CGAP, MAcc
Internal Auditor

cc: Ms. Mary Elizondo, Vice President Finance and Administrative Services
Mr. Ruben Suarez, Interim Chief of Police
Finance, Audit, and Human Resources Committee, South Texas College Board of Trustees

**CLERY & VIOLENCE AGAINST
WOMEN REAUTHORIZATION ACT
AUDIT REPORT**



**SOUTH TEXAS
COLLEGE**

OFFICE OF INTERNAL AUDITS

August 18, 2020

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EXECUTIVE SUMMARY

The *Clery Act* and the *Violence against Women Reauthorization Act* (VAWA) Audit was included on the Finance, Audit, and Human Resources Committee's approved FY 2019 Audit Plan. In 1990, Congress enacted the *Crime Awareness and Campus Security Act* which amended the Higher Education Act of 1965 (HEA). This act required all postsecondary institutions participating in HEA's Title IV student financial assistance programs to disclose campus crime statistics and security information. It is generally referred to as the *Clery Act*. In 2013, VAWA was signed into law. VAWA includes amendments to the *Clery Act*. These changes required institutions to disclose statistics, policies, and programs related to dating violence, domestic violence, stalking, and sexual assault.

The objective of the audit is to determine whether adequate processes and controls are in place to provide assurance that the College complies with the *Clery Act*, and *Violence against Women Reauthorization Act*.

The scope of the audit included activity from FY 2017 through FY 2019 and was limited to certain elements of the *Clery Act* and *Violence against Women Reauthorization Act*, including the following: issuance of timely warnings / emergency notifications; elements of the annual security report; collection and presentation of crime statistics; and campus security authorities. The audit was not designed nor intended to be a detailed study of every relevant procedure or control system. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made. The audit generally conformed to guidelines set forth by South Texas College's Policy 5460 *Internal Audit Function*.

Based on our audit we found that the College adhered with most of the requirements promulgated by the Department of Education. Overall, we determined that the College established a moderate system of internal controls to ensure compliance with the *Clery* and *Violence against Women Reauthorization Act*. The audit identified the following areas where improvements to internal controls could be made:

- Ensure that all campus security authorities (CSAs) turn in their end-of-year crime reports;
- Ensure that all CSAs complete their specialized *Clery Act* training;
- Ensure that criminal instances are recorded in multiple categories within the crime statistics when applicable;
- Ensure that *Clery Act* crime statistics data is included within the ASR;
- Ensure that all required policy statements are included in the ASR;
- Revise the College's ASR policy statement to reflect the requirement to issue emergency notifications;
- Establish sufficient procedures and controls related to issuing timely warnings.

BACKGROUND

Clery Act:

The *Clery Act* was originally enacted as Title II of the *Student Right-to-Know and Campus Security Act* of 1990. It was signed into federal law as an amendment to the *Higher Education Act* (HEA) of 1965. The *Clery Act* was enacted to increase the accountability and transparency of Institutions of Higher Education in meeting certain responsibilities with regard to the safety and security of students on their campuses. In 1998, the Higher Education Amendments of 1998 renamed the law in memory of an 18-year-old Lehigh University student named Jeanne Clery, who was raped and murdered in her dorm room in 1986. The *Clery Act* promotes campus safety by ensuring that students, employees, parents, and the broader community are well-informed about important public safety and crime prevention matters.

The *Clery Act* requires institutions of higher education to comply with certain campus safety and security related requirements as a condition of their participation in the title IV, HEA programs. Institutions that receive Title IV funds must disclose accurate and complete crime statistics for incidents that are reported to campus security authorities and local law enforcement as having occurred on or near their campus. Colleges must also disclose campus safety policies and procedures that specifically address topics such as sexual assault prevention, drug and alcohol abuse prevention, and emergency response and evacuation. In order to comply with *Clery Act* requirements, colleges must understand what the law entails, where their responsibilities lie, and what they can do to actively foster campus safety. Departures from the *Clery Act* can result in fines of up to \$58,328 per violation.

Violence against Women Reauthorization Act:

On March 7, 2013 the *Violence against Women Reauthorization Act of 2013* was signed into law. VAWA includes amendments to the *Clery Act* which among other changes, requires institutions to disclose statistics, policies, and programs related to dating violence, domestic violence, stalking and sexual assault into their annual security reports. Non-compliance can result in monetary fines, loss of student financial aid, and institutional reputation damages.

AUDIT OBJECTIVE

The objective of the audit is to determine whether adequate processes and controls are in place to provide assurance that the College complies with the *Clery Act*, and *Violence against Women Reauthorization Act*.

AUDIT SCOPE & METHODOLOGY

The scope of the audit included activity from FY 2017 through FY 2019 and was limited to certain elements of the *Clery Act* and *Violence against Women Reauthorization Act*, including the following: issuance of timely warnings / emergency notifications; elements of the annual security report; collection and presentation of crime statistics; and campus security authorities (CSAs). To accomplish the audit objective, the Internal Auditors performed the following:

- Reviewed the Department of Education's (ED) *Handbook for Campus Safety and Security Reporting* 2016 Edition (Handbook);
- Reviewed College Policy 4216 *Harassment, Discrimination, and Sexual Misconduct*;
- Requested and reviewed responses to an internal control questionnaire from College's Chief Admin. For Dept. of Public Safety;
- Reviewed all policy statements contained in the College's Annual Security Report;
- Requested and reviewed annual CSA and local law enforcement documentation for reporting *Clery Act* crime statistics;
- Reviewed CSA completion of *Clery Act* training;
- Reviewed criminal incident definitions from the FBI's Uniform Crime Report Program as well as definitions provided in VAWA related to domestic violence, dating violence, and stalking;
- Compared the College's practices for issuing timely warnings and emergency notifications to other local institutions of higher education.

The audit generally conformed to guidelines set forth by South Texas College's Policy 5460 *Internal Audit Function*.

AUDIT RESULTS

According to the Department of Education, *Clery Act* compliance may differ by institution depending on such factors as whether or not the College has student housing facilities as well as whether or not it has officially recognized student organizations. The Department of Education recommends that College's maintain detailed documentation of compliance with each requirement. Colleges are routinely required to provide support documentation to the Department of Education officials during program reviews.

Campus Security Authorities (CSAs) and Local Law Enforcement:

In order to ensure that all *Clery Act* crime statistics are included in its report, the College is required to collect information from CSAs and request crime and arrest statistics from local law enforcement agencies. A CSA is a *Clery Act* specific term that encompasses 4 groups of individuals and organizations associated with an institution, for more information related to which individuals are classified as a CSA, see Appendix - A. We requested and reviewed records from the CSAs as well as from local law enforcement agencies. We were able to determine that the College made efforts to obtain crime statistics from local law enforcement agencies. With regard to CSAs, the Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states the following:

“Rather than assuming that because a CSA hasn’t forwarded a crime report to the appropriate individual or office that no crimes were reported to the CSA, a coordinator can be charged with canvassing each CSA to require crime reports from them.”

South Texas College established procedures requiring that designated CSAs provide a ‘Campus Security Authority Reporting’ form to the Department of Public Safety on an annual basis. We randomly selected a sample of 14 CSAs to verify that their ‘Campus Security Authority Reporting’ forms were turned in. We found that 10 out of the 14 (71%) CSAs did not submit the form to the Department of Public Safety as required. Management stated that several attempts to secure the ‘Campus Security Authority Reporting’ forms were made. Since January of 2019, the department sent five (5) notifications informing the College’s leadership that certain CSA’s did not turned in their forms.

Recommendation:

1. All designated CSAs should provide an annual ‘Campus Security Authority Reporting’ form to the Department of Public Safety. Management should consider providing CSAs with frequent reminders and stress the importance of compliance with this activity during training sessions to improve the rate of conformance with this procedure.

Management Response:

Accept audit recommendation as presented

1. As of the due date of August 31, 2019, all required CSA forms for calendar year 2018 were completed and submitted to the Department of Public Safety. As of June 22, 2020, all required CSA forms for calendar year 2019 were completed and submitted to the Department of Public Safety. Efforts to reach 100% compliance with the CSA reporting requirement include escalating noncompliance to the Vice-President and President level.

Responsible Individual:

Interim Chief of Police

Implementation Date:

8/31/2019

Additionally, we reviewed information related to the completion of CSA training. We reviewed a list of all of the College's designated CSAs who are required to complete a specialized training related to compliance with the *Clery Act*. We found that 73 out of 246 CSAs (30%) did not complete the *Clery Act* training. We obtained documentation that showed management made several attempts (e.g. sent out 4 notifications from January - August 2019) informing College leadership that certain CSAs needed to complete their required training.

Recommendation:

2. Management should ensure that all designated CSAs complete their *Clery Act* training.

Management Response:

Accept audit recommendation as presented

2. As of October 18, 2019, all employees required to complete CSAs trainings for calendar year 2018 completed their training. As of July 6, 2020, all employees required to complete CSA trainings for calendar year 2019 completed their training. Efforts to reach 100% compliance with the CSA training requirements include escalating noncompliance to the Vice-President and President level.

Responsible Individual:

Interim Chief of Police

Implementation Date:

10/18/2019

Crime Statistics:

The *Clery Act* requires institutions to report on four general categories of crime statistics. These four categories are listed below:

1. Criminal Offenses;
2. Hate Crimes;
3. Violence against Women's Act Offenses (VAWA); and
4. Arrests and Referrals for Disciplinary Actions.

Importantly, crime statistics must be disclosed separately for each of these categories and when an incident meets definitions in more than one of the categories listed above, it must be reported in each category. The College is required to include in its crime statistics the number of all reported offenses, without regard to the findings of a court, coroner or jury, or the decision of a prosecutor. Therefore, the College is required to report its crime statistics based on reports of alleged criminal incidents without regard for whether the crime was investigated by the police or a CSA, nor must a finding of guilt be made to require inclusion of the reported crime in the crime statistics.

We reviewed the College's 'Clery Act Crime Statistics by Campus' which includes reported criminal incidents by campus over the past three (3) fiscal years. The College's reported crime statistics include the following categories:

- Primary Crimes;
- Arrests;
- Disciplinary Actions;
- Bias Crimes;
- VAWA Crimes

In our review of the crime statistics we identified that the College reported several instances of 'Fondling' within the 'Primary Crimes' category of the report. However, those instances were not also counted in the category for 'VAWA Crimes.' The Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states:

"For any criminal offense, hate crime, or arrest for weapons, drug or liquor law violations that is also a VAWA offense, your statistics must reflect the original offense and the VAWA offense."

Thus, the College should have reported instances classified as 'Fondling' in both categories (e.g. 'Primary Crimes' and 'VAWA Crimes').

Recommendation:

3. Management should ensure that reported criminal incidents that meet the definition of more than one category are recorded in each applicable category as required.

Management Response:

Accept audit recommendation as presented

3. Management agrees that reported criminal incidents that meet the definition of more than one category are recorded in each applicable category as required.

Responsible Individual:

Interim Chief of Police

Implementation Date:

8/9/2019

Clery Act Statistics:

Clery Act requires that the ASR include three (3) years' worth of crime statistics inside the report. While we observed that the College collects this information and publishes it online, that information is not also included within the ASR as required.

Recommendation:

4. Management should ensure that the *Clery Act* crime statistics are included within the annual security report.

Management Response:

Accept audit recommendation as presented

4. In addition to reporting the three years of crime statistics on the College's Clery Reporting website, the crime statistics have also been included as an appendix within the Annual Security Report. (See <https://www.southtexascollege.edu/stcdps/cleryact.html>)

Responsible Individual:

Interim Chief of Police

Implementation Date:

8/9/2019

Annual Security Report:

Clery Act requires that the College distribute the ASR to all currently enrolled students and all employees by October 1, of each year. We were able to confirm that employees and students are provided a notification email containing a statement on the College's ASR, the reports' availability, and instructions on how to access the report. No exceptions were noted related to the College's distribution of the ASR.

The Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 Edition (Handbook) includes 94 individual policy statements that must be included in an institution's annual security report (ASR). After completing a thorough review of the Handbook, we examined South Texas College's ASR to ensure that each of the required policy statements were included. Based on our review, we found that several required policy statements were not presented in the College's ASR and that some of the policy statements should be updated. The Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states:

“Failure to have a required policy or to disclose all of the required policy statements means that your school is not in compliance with the law.”

For more information related to policy statements missing from the College's ASR as well as the statements that require an update, reference the table below:

Policy Statement	Handbook for Campus Safety and Security Reporting
1. Security access and maintenance of campus facilities	<p>Pg. 155 Handbook states, “Provide a statement of current policies concerning the following:”</p> <p>a. Security of and access to campus facilities, including campus residences "This statement addresses the security of campus facilities and access to campus facilities, including campus residences in both instances. <u>If your institution does not have any campus residences, your policy statement should note this.</u> Address such topics as what your institution does to keep its facilities secure, and how individuals gain access or are prevented from gaining access to these facilities"</p> <p>“b. Security considerations used in the maintenance of campus facilities. "This statement addresses security considerations in maintaining campus facilities. For example, your institutions may have someone who regularly checks to make sure pathways are well lit and egress lightning is working in hallways and stairwells."</p>

<p>2. Required disclosure related to not having officially recognized student organizations with off campus facilities.</p>	<p>Pg. 158-159 of the Handbook states, "This statement addresses whether or not local police monitor and document criminal activity by your students at non-campus locations of student organizations if your institution is aware of such practice. This includes student organizations that have non-campus housing facilities. Note that this concerns only to those student organizations that are officially recognized by your institution. <u>If you do not have any officially recognized student organizations with non-campus locations you must disclose this.</u>"</p>
<p>3. Missing statement related to the existence and description of any drug or alcohol abuse education programs as required under section 120 (a) through (d) of the Higher Education Act (HEA)</p>	<p>Pg. 159 states "To participate in any Title IV federal student financial aid program, an institution <u>must</u> verify that it has a drug and alcohol abuse prevention program available to students and employees. The Department's <i>Clery Act</i> regulations ask for a description of these programs and allow you to cross-reference the materials your institution uses to comply with the Drug-Free Schools and Communities Act of 1989. <u>This is the only policy statement in the annual security report for which you can cross-reference materials.</u>"</p>
<p>4. Incomplete statements related to the College's disciplinary proceedings.</p>	<p>"For each type of proceeding, list all of the steps involved and the <u>anticipated timeline for each step</u>, and describe the decision-making process, including who is responsible for making decisions. Also, describe how your institution decides which type of proceeding will be used for which cases and who makes that decision. (i.e., do sexual assaults automatically get assigned a formal hearing)? This requirement is not limited to students. If your institution has disciplinary procedures for faculty and staff (e.g., any form of adjudication for a code of conduct ranging from disciplinary action from a supervisor to a formal hearing), you are required to describe them here." Pg. 178 states: "In this statement, you must list all of the possible sanctions you have identified for each VAWA Offense. Be specific. For example, if suspension is a possible sanction, <u>describe that type and length of the suspension</u>, and any requirements that must be met for reinstatement."</p>

Recommendation:

5. Management should review the College's ASR and include all missing policy statements. Additionally, the ASR should be periodically reviewed and updated to ensure that it meets each of the required elements provided in the Department of Education's Handbook.

Management Response:

Accept audit recommendation as presented

5. The Department of Public Safety has updated the ASR to include these four (4) policy statements and will continue to monitor that all 94 currently required and additionally required statements are included in the ASR.

Responsible Individual:

Interim Chief of Police

Implementation Date:

10/31/2019

Emergency Notifications:

In April of 2019 the College sent out an email via Faculty/Staff News warning about several confirmed cases of Mumps in Hidalgo County. The Department of Education's guidelines indicate that emergency notifications should be distributed related to outbreaks of meningitis, norovirus or other serious illness. The Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states:

“Under the *Clery Act*, every institution is required to immediately notify the campus community upon confirmation of a significant emergency or dangerous situation occurring on the campus that involves an immediate threat to the health or safety of students or employees.”

The confirmed case of Mumps should have resulted in the College issuing an emergency notification. The distribution of the email alone was not consistent with the College's procedures for issuing emergency notifications which indicates that under such circumstances four different modes of communication would be sent out to notify the campus community. Specifically, the South Texas College's ASR states:

“Upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health and safety of students or employees, the Chief Administrator or designee may issue an emergency notification through the STC RAVE Mass Notification System. The notification will be issued via text messaging, telephone notification, and email.”

Furthermore, while the language in the Handbook states that every institution **is required** to immediately notify the campus community upon confirmation of a significant emergency or dangerous

situation, the College's ASR states that the Chief Administrator or designee **may** issue an emergency notification under similar circumstances. Therefore, we find that the College's procedures for issuing emergency notifications is not consistent with the *Clery Act's* requirements in this area. For more information related to the College's procedures for issuing emergency notifications, see Appendix - B.

Recommendation:

6. Management should ensure that emergency notifications are issued in accordance with the College's procedures detailed in the ASR. Additionally, the College's ASR procedures should be updated to reflect the requirement to issue an emergency notification upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health and safety of students or employees.

Management Response:

Accept audit recommendation, but with alternative corrective action

6. The statement included in the ASR and attached in Appendix - B by the Internal Auditor, is being misinterpreted in the report, specifically, the statement *"Upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health and safety of students or employees, the Chief Administrator or designee may issue an emergency notification through the STC RAVE Mass Notification System. The notification will be issued via text messaging, telephone notification, and email"*, refers to the Chief Administrator or designee having the option (hence the word "may") to use the RAVE Mass Notification System to issue the emergency notifications. The RAVE System issues the notification via three modes of communication, text messaging, telephone notification, and email. This statement does not refer to whether the Chief Administrator may, as opposed to be required to, issue an emergency notification. Management has updated the ASR and Clery Act procedures as follows to clarify the practices in place:

The emergency notification, depending on the situation, may be through the STC RAVE Mass Notification System that issues the notification via text messaging, telephone notification, and email messaging or other modes of communication, considering overlapping means, including but not limited to, text messaging, email messaging, electronic signboards, monitors, media outlets, social media outlets, and the College's website.

Upon confirmation of a significant emergency or dangerous situation occurring on the campus that involves an immediate threat to the health and safety of students

or employees, the Chief of Police or designee will issue and emergency notification.

Management issues emergency notifications in accordance with the College's ASR procedures and the Department of Education Handbook for Campus Safety and Security Reporting 2016 Edition for Clery Act or Non-Clery Act Crimes.

Responsible Individual:

Interim Chief of Police

Implementation Date:

11/22/2019

Timely Warnings:

A key element of the *Clery Act* is to ensure that students, faculty, staff, as well as the community at large are promptly alerted to potentially dangerous criminal situations so that they have both the time and information necessary to take appropriate precautions. South Texas College is responsible for issuing timely warnings for all *Clery Act* crimes that occur (e.g. criminal incidents reported to campus security authorities (CSAs) or local police agencies and considered by the institution to represent a serious or continuing threat to students and employees). The Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states

“The timely warning policy should not be limited to certain types of *Clery Act* crimes and it may include non-*Clery Act* crimes. That is, although the *Clery Act* mandates timely warnings only for *Clery Act* crimes, nothing in the law prohibits timely warnings for other crimes that may pose a serious or continuing threat to the campus community.”

We reviewed South Texas College's daily crime log which includes all criminal incidents and alleged criminal incidents reported to a CSA, campus police or local law enforcement personnel. The crime log that we reviewed included all reported criminal incidents from 9/1/2017 – 7/25/2019. Reported criminal incidents during this time period were classified as forcible entries, drug possessions, public intoxication, terroristic threats, stalking, and sexual assaults. During this time period, forty-one (41) criminal incidents were recorded in the College's crime log and the College issued only one timely warning. While we appreciate that there is no correlation between the number of reported criminal instances and the issuance of a warning, given that each reported criminal incident is evaluated

independently, we find it improbable that the College would only find cause to issue one timely warning over a two year time period. None of the reported criminal incidents classified as domestic violence, stalking, or sexual assault resulted in the issuance of a timely warning, including an incident reported by the local newspaper on 7/17/2019 in which a man allegedly exposed himself in front of a student. It was also reported that the suspect is accused of grabbing the student's genitals over his clothes, at which point the student backed away and exited the restroom.

Management indicated that the reason for not issuing timely warnings was based on their assessment that the reported criminal incident did not pose a 'continuing threat to the campus community.' That interpretation ignores the requirement to issue timely warnings related to 'serious' criminal incidents as well as incidents that pose a continued threat to the campus community and potentially would not allow students, faculty, and staff to take appropriate precautions. Moreover, the Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 edition states:

“Even if you don’t have all of the facts surrounding a criminal incident that represents a serious and continuing threat to your students and employees you must issue a warning.”

It is important to note that with respect to issuing timely warnings, management's current practices are not out of compliance with the *Clery* Act. However, management's disinclination for issuing timely warnings as well as the lack of sufficient internal controls over this process pose an increased risk to the College in the way of fines levied by the Department of Education. The College's existing procedures for issuing timely warnings are detailed in Appendix - B.

Recommendation:

7. Out of an abundance of caution for the safety of students, faculty, staff, and the community at large as well as to mitigate the risk of potential fines to the College, management should consider taking appropriate corrective actions to ensure that existing procedures related to the issuance of timely warnings are sufficient. Specifically, management should consider expanding upon existing procedures related to the issuance of warnings to include the following:
 - a. Requiring the Chief Administrator to document a justification or detailed description for why a timely warning is issued or for not issuing a timely warning (audit trail);
 - b. Requiring a periodic (e.g. quarterly, semi-annual, annual) supervisory review of the Chief Administrator's decisions to issue or to refrain from issuing timely warnings

to ensure that such decisions are being made consistent with the Department of Education's guidelines;

- c. Establishing requirements for issuing timely warnings for reported criminal instances that are deemed 'serious' as well as for reported criminal instances that pose a 'continued threat' to the campus community;
- d. Establishing a requirement to ensure that timely warnings are issued even prior to all of the facts related to the event being known;
- e. Establishing a delegation of responsibility for issuing timely warnings in the event that the Chief Administrator is absent or unavailable;
- f. Expanding requirements for the issuance of timely warnings to include non-*Clery* Act crimes as well as *Clery* Act crimes as recommended by the Department of Education.

Management Response:

Accept audit recommendation, but with alternative corrective action

7. As the audit states above, the College's practices are in compliance with the Clery Act.

The Department of Public Safety practices regarding timely warnings were reviewed with the Internal Auditor and with an attorney from The National Center for Higher Education Risk Management (TNG) Group, LLC (TNG). TNG specializes in providing colleges and universities with consultation, resources, and training in the field of Clery Act, VAWA, Title IX and Behavioral Intervention Teams. The College is under an agreement with this group of attorneys for all these types of services. The attorney informed the Internal Auditor that the College's practices for issuing timely warnings to the campus community are correct. The TNG attorney advised that the College should not arbitrarily follow the practices of other colleges and/or universities since they may be overusing timely warning notifications causing alert fatigue. The attorney indicated that some institutions are not following Clery Act Handbook requirements and other institutions should not be used to determine the correct procedure for the issuance of timely warnings.

- a. The Chief of Police or designee issues Timely Warnings in compliance with the Handbook for Campus Safety and Security Reporting 2016 Edition for Clery Act or Non-Clery Act Crimes (Handbook). The Chief of Police or designee determines, on a case-by-case basis, whether and when to issue a timely warning in light of all available facts surrounding a criminal incident that represents a serious and continuing threat to students and employees. An incident report narrative was prepared for each of the forty-one (41) incidents listed on

- the crime log. These narratives document the nature of the incident, which support the reason a timely warning was issued or not issued. The Internal Auditor was invited to visit the Department of Public Safety to review these narratives. The Internal Auditor did not review the narratives. A justification or detailed description for why a timely warning is issued or for not issuing a timely warning is not required. Nevertheless, the Chief of Police will prepare an incident report to document the decision, including the justification and description.
- b. Periodic supervisory review of timely warnings issued by the Chief of Police or designee is not required. Nevertheless, the Department of Public Safety will prepare and submit a quarterly report effective September 1, 2020, to the Clery Act Committee.
 - c. As per Clery Act trainings and the Handbook, the Chief of Police or designee consider both, the seriousness and continuing threat, for each incident reported.
 - d. As per Clery Act trainings and the Handbook, the Chief of Police or designee issue timely warnings even prior to all of the facts related to the event being known and provide additional information as it becomes available.
 - e. The Chief of Police's designee issues the timely warnings in the event the Chief of Police is unavailable. The Chief of Police's designees are the Police Lieutenant or Police Sergeant, as applicable.
 - f. The Chief of Police or designee issue timely warnings for non-Clery Act crimes if they pose a serious or continuing threat to the campus community.

Management Responses to Auditor's Specific Comments

- I. Management disagrees with the internal audit report statement,

"We find it improbable that the College would only find cause to issue one timely warning over a two-year time period."

- The Department of Public Safety follows the guidance provided by The Handbook for Campus Safety and Security Reporting 2016 Edition, including that each incident is evaluated on a case by case basis. The guidance that is followed includes issuing a timely warning notice if a reported crime is considered by the institution to represent a serious or continuous threat to students and employees. The Chief of Police or designee deemed that only one of the cases warranted a timely warning.
- There is no requirement of a minimum or maximum number of timely warnings in the Clery Act or in the Handbook.
- Factors that assist the Department of Public Safety to maintain the timely warnings to a minimum, include the proactive measures established at the College, such as surveillance

cameras and community oriented policing tactics (proactive patrolling, lighting, and collaboration with other College departments, such as Facilities).

- In 2017, South Texas College was recognized by ADT (American District Telegraph), based out of Boca Raton, FL, in an article posted on their website titled Safest College Campus by State. South Texas College was chosen based off the following: 435 total schools met our required criteria for this study, and considered four main factors to determine campus safety: hate crimes per enrolled students, violence against women per enrolled females, property crime per population, and violent crime per population. These factors were calculated based on every 1,000 students, females, or residents in each location. Reported hate crimes, instances of violence against women, and violent crime made up 90% of the final score.

II. Management disagrees with the internal audit report statement,

“None of the reported criminal incidents classified as domestic violence, stalking, or sexual assault resulted in the issuance of a timely warning, including an incident reported by the local newspaper on 7/17/2019 in which a man allegedly exposed himself in front of a student. The article went on to state that the man grabbed the student over his clothes. Management indicated that the reason for not issuing timely warnings was based on their assessment that the reported criminal incident did not pose a ‘continuing threat to the campus community.’ That interpretation ignores the requirement to issue timely warnings related to ‘serious’ criminal incidents as well as incidents that pose a continued threat to the campus community and potentially would not allow students, faculty, and staff to take appropriate precautions.”

The Department of Public Safety, immediately upon arrival to the incident, established that the elements for this crime constituted the offense of indecent exposure and not sexual assault. After evaluation by the South Texas College Department of Public Safety, the incident was not deemed to be a serious or continuous threat to students or employees to issue a timely warning as stated on the Department of Education 2016 Edition Handbook. The local newspaper that the Internal Auditor references, reported the incident as an indecent exposure and not a sexual assault and the details were inaccurate. The Department of Public Safety takes each Clery or non-Clery Act crime serious and evaluates each incident on a case by case basis for any continuous threat to the campus community. If the crime is considered to represent a serious or continuous threat to the college community, regardless if all the facts surrounding the criminal incident are available, a timely warning is issued.

III. Management disagrees with the internal audit report statement,

“Management ignores the requirements to issue timely warnings to serious criminal incidents as well as incidents that pose a continuous threat to the campus community.”

The Department of Public Safety follows the Handbook for Campus Safety and Security Reporting 2016 Edition, which indicates that timely warnings are issued if they are considered by the Department of Public Safety to represent a serious or continuing threat to students and employees.

IV. In connection with statement in III above, the Internal Auditor Report indicates that *“Even if you don’t have all of the facts surrounding a criminal incident that represents a serious and continuing threat to your students and employees you must issue a warning.”* The Department of Public Safety follows the Handbook for Campus Safety and Security Reporting 2016 Edition, specifically that timely warnings are issued as soon as all pertinent information is available and even if all the facts surrounding the criminal incident that represents a serious and continuous threat to students and employees are not known.

Responsible Individual:

Interim Chief of Police

Implementation Date:

3/1/2020

CONCLUSION

Achieving full compliance with the *Clery* and *Violence against Women Reauthorization Act* is an incredibly challenging task. In completing the audit we observed that the College’s management has put forth a great deal of effort to ensure compliance with these regulations. In reviewing the guidance put forth by the Department of Education, we observed that the college adhered to most of the requirements detailed in the 265 page Handbook.

Overall, we determined that the College established a moderate system of internal controls over the *Clery* and *Violence against Women Reauthorization Act*. The audit identified several opportunities where improves to controls could be realized, including ensuring that the College’s annual security

report is periodically reviewed and updated and that no policy statements are excluded; that the *Clery Act* crime statistics are included within the ASR, ensuring that sufficient procedures are in place related to the issuance of timely warnings; ensuring that emergency notifications are distributed in a manner consistent with existing procedures; ensuring that the procedures for issuing emergency notifications are consistent with the Department of Education's Handbook requirements; ensuring that criminal offenses are reported in multiple categories when applicable; and taking action to ensure that all campus security authorities complete *Clery Act* training as well as return their annual 'Campus Security Authority Reporting' forms on time.

We wish to express our appreciation to the management and the staff of the College's Department of Public Safety for the courtesy and cooperation extended to us during this engagement.



Khalil M. Abdullah CPA, CIA, CGAP, MAcc
Internal Auditor

8/18/2020



Jose Luis Silva CIA, CFE, CGAP
Staff Audit Specialist

8/18/2020

APPENDIX - A

Campus Security Authority

Campus Security Authority (CSA) is a *Clery Act* specific term that encompasses 4 groups of individuals and organizations associated with an institution.

1. A campus police department or campus security department of an institution. All individuals who work for the police department are CSAs;
2. Any individual or individuals who have responsibility for campus security but who do not constitute a campus police department or security department (e.g. an individual who is responsible for monitoring the entrance into institutional property;
3. Any individual or organization specified in an institution's statement of campus security policy as an individual or organization to which students and employees should report criminal offenses;
4. An official of an institution who has significant responsibility for student and campus activities, including, but not limited to, student housing, student discipline and campus judicial proceedings.

If someone has significant responsibility for student and campus activities, he or she is a campus security authority.

APPENDIX - B
College's Procedures for Issuing
Timely Warning(s) or Emergency Notification(s)

Timely Warnings (p. 4 Annual Security Report)

In the event of an ongoing threat to the safety of students or employees, either on or off campus, the Chief Administrator, Department of Public Safety or designee will issue a campus wide timely warning. The warning will be issued through the college e-mail system to students, faculty, and staff. Anyone with information warranting a timely warning should report the circumstances to the South Texas College Department of Public Safety by contacting (956-872-4444)

Issue Campus Alerts (p.2 Department of Public Safety Clery Act Procedure)

Timely warnings are to be issued for any Clery Act crimes that represents an ongoing threat to the safety of students or employees.

Emergency Notification (p. 4 Annual Security Report)

Upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health and safety of students or employees, the Chief Administrator or designee may issue an emergency notification through the STC RAVE Mass Notification System. The notification will be issued via text messaging, telephone notification, and email. Texas state law requires all students and employees of the college to be automatically enrolled in the program.

Issue Campus Alerts (p.2 Department of Public Safety Clery Act Procedure)

Emergency notifications will be issued upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health and safety or employees occurring on campus.

Review and Recommend Acceptance of Internal Audit Annual Report for FY 2020

Acceptance of the Internal Audit Annual Report will be requested at the September 22, 2020 Board meeting.

Purpose – “Texas Government Code Section 2102.015 *Publication of Audit Plan and Annual Report on Internet* requires state agencies and institutions of higher education to post certain information on their website. To comply with Texas Government Code 2102.015, an Internal Audit Annual Report has been completed.”

Justification – The Internal Audit Annual Report provides the Finance, Audit, and Human Resources Committee with information related to the Internal Audit Function’s activities over the past fiscal year. Specifically, the annual report includes the prior year’s approved projects and audit plan; a summary of findings; management’s plan for corrective action; implementation status of corrective action; and next fiscal year’s approved projects and audit plan.

Enclosed Documents - A copy of the Internal Audit Annual Report follows in the packet for the Committee’s information and review.

Presenters – Mr. Khalil Abdullah, Internal Auditor, will be present at the September 8, 2020 Finance, Audit, and Human Resources committee meeting to discuss and address any questions by the committee.

The Internal Audit Annual Report includes a summary of findings along with management’s planned corrective actions for the following completed audits: Financial Aid and the Clery & Violence Against Women’s Reauthorization Act.

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the September 22, 2020 Board meeting, the acceptance of the Internal Audit Annual Report as presented.



**SOUTH TEXAS
COLLEGE**

Internal Audit Annual Report Fiscal Year 2020

Prepared by:
The Office of Internal Audits
Khalil M. Abdullah

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I. Compliance with TGC, Sec 2102.015

Texas Government Code Section 2102.015 was added by House Bill 16 (83rd. Legislature) on June 14, 2013. House Bill 16 amended the Internal Auditing Act to require state agencies and institutions of higher education, as defined in the bill, to post agency internal audit plans, internal audit annual reports, and any weaknesses or concerns resulting from the audit plan or annual report on the entities' website, at the time and in the manner provided by the State Auditor's Office. Specifically, the College must post the following information within 30 days of approval by the Board of Trustees:

- The approved audit plan for the current fiscal year;
- The audit plan from the previous fiscal year;
- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report; and
- A summary of the action taken by the College to address concerns raised by the audit plan or annual report.

To comply with the requirements, South Texas College's Office of Internal Audits will submit its Internal Audit Annual Report to the website coordinators to be posted on the Internal Audit section of the College's website no later than 30 days after the Board of Trustees approves the current year audit plan at its August 25, 2020 scheduled meeting. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2020

The Board of Trustees approved the internal audit plan for fiscal year 2020 on July 23, 2019. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*. Appropriate revisions to the FY 2020 audit plan were made and subsequently approved by the Board on June 23, 2020.

All audits that were not completed in FY 2020 were carried forward and included in the FY 2021 audit plan.

FY 2020 (Scheduled)

1. Fraud Survey
2. Financial Aid – Third Party Programs
3. Banner Computer System Security and Access
4. Clery Act, and Violence Against Women Act*
5. Travel
6. MOUs for Early College High Schools and Dual Credit
7. Blueprint Expectations for Early College High Schools
8. Science Lab Safety and Storage Compliance
9. Human Resources Processes – Faculty Credentials
10. Contractor Adherence to Prevailing Wage Rate Determination
11. Faculty Overloads & Stipends
12. Office of Internal Audit – Quality Assurance and Improvement Program – Internal Assessment
13. Title IX* (will be moved to FY 2022, see footnote below)
14. Child and Adult Care Food Program CACFP – Application Process
15. State Auditor’s Office – Catch the Next Compliant: 20-0044
16. Coronavirus Aid, Relief, and Economic Security (CARES) Act Compliance Review

*Approved as a single audit project, and split into two projects. The Title IX Audit will be moved to the FY 2022 Audit Plan, to allow College staff time to review and implement the new requirements from the Department of Education.

Office of Internal Audits
Fiscal Year 2020 Audit Plan

FY 2020 Audit Plan - Engagements	Status of Plan
Risk Based Audits	
Financial Aid - Third Party Programs Audit	1/7/2020
Office of Internal Audit - Quality Assurance and Improvement Program - Internal Assessment	Reporting Phase
HR Processes - Faculty Credentials	Reporting Phase
Banner Computer System Security and Access Audit	Reporting Phase
Clery Act and VAWA	9/8/2020
MOUs for Early College High School and Dual Credit	Fieldwork Phase
Science Lab Safety and Storage Compliance	Fieldwork Phase
Travel	Moved to FY 2021
Consulting Engagements	
Child & Adult Care Food Program CACFP - Application Process	10/1/2019
State Auditor's Office - Catch the Next Compliant: 20-0044	11/7/2019
CARES Act Compliance Review	In Process
Follow Up	
Financial Aid - Third Party Programs Audit	7/30/2020
Other Audit Responsibilities and Special Projects	
Fraud Survey	10/8/2019
Administration (e.g. secure resources, budget development, etc.)	In Process
Annual Financial Report [CAFR]	In Process
Misc. data analytics / fraud detection procedures, fraud risk assessment	In Process
Est. the Quality Assurance and Improvement Program (QAIP & QAR)	In Process
Professional Development & Training (40 hrs.CPE)	In Process
Annual Risk Assessment & Risk Based Audit Plan Development	6/27/2020
Annual Report [Texas Govt. Code Sec. 2102.015]	9/8/2020
Unassigned/Unplanned/Mgmt. Special Requests	N/A

III. Consulting and Nonaudit Services

The Office of Internal Audit's staff worked on three consulting engagement in FY 2020:

- Child and Adult Care Food Program [CACFP] Application Submission Process;
- State Auditor's Office Complaint No. 20-0044 related to data requests from Catch the Next [CTN];
- Coronavirus Aid, Relief, and Economic Security CARES Act Compliance Review.

IV. External Quality Assurance Review (Peer Review)

IIA *Standard* 1312 requires an external assessment of an internal audit activity be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Office of Internal Audits is in its fourth year of operations.

IIA *Standards* allows for the completion of a self-assessment that includes a comprehensive and fully documented process completed by the Internal Auditor with independent external validation. In FY 2020 the Internal Auditor completed a comprehensive self-assessment and provided the results to the President and the Vice President of Finance and Administrative Services on 2/3/2020. The results of the internal self-assessment are projected to be reviewed in FY 2021 by a qualified, independent external assessor.

V. Summary of Findings and Management's Corrective Action Plan

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-01	1/7/2020	Financial Aid - State Awards	The department's Handbook of Operating Procedures was not updated to reflect recent changes in procedures related to the submission frequency of reports sent to the National Student Clearinghouse.	Management agrees with the recommendation and the following action has been taken. The National Student Clearinghouse enrollment and graduate reporting process and timelines have been added to the Handbook of Operating Procedures Manual.	Fully Implemented
20-02	9/8/2020	Clery Act and VAWA Act Audit	All designated CSA's should provide their 'Campus Security Authority Reporting' form to the Dept. of Public Safety.	All CSA forms for calendar year 2018 and 2019 were completed and submitted to the Dept. of Public Safety. Efforts to reach 100% compliance with the CSA reporting requirements will include escalating noncompliance to the VP and President.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Management should ensure that all designated CSA's complete their Clery Act trainings.	All employees required to complete CSA training for calendar year 2018 and 2019 have done so. Efforts to reach 100% compliance in this area will include escalating noncompliance to the VP and President level.	Follow up - Pending

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-02	9/8/2020	Clery Act and VAWA Act Audit	Management should ensure that reported criminal incidents that meet the definition of more than one category are reported in each applicable category as required.	Mgmt. agrees that reported criminal incidents that meet the definition of more than one category are recorded in each applicable category as required.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should ensure that the <i>Clery Act</i> crime stats are included within the annual security report (ASR).	In addition to reporting the three years of crime stats on the College's Clery Reporting website, the crime stats have also been included as an appendix within the ASR.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should review the ASR and include all missing policy statements. The ASR should be periodically reviewed and updated to ensure completeness.	The Dept. of Public Safety has updated the ASR to include the 4 policy statements and will continue to monitor all 94 currently required policy statements are included in the ASR.	Follow up - Pending

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should ensure that emergency notifications are issued to the entire campus community upon confirmation of a significant emergency involving an immediate threat to the health and safety of students or employees.	The College's ASR policy statement related to the issuance of emergency notifications will be revised to indicated that emergency notifications will be issued upon confirmation of a significant emergency or dangerous situation. Mgmt. issues emergency notifications in accordance with the College's ASR procedures and the Dept. of Education's Handbook for Campus Safety and Security Reporting 2016 Edition.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should consider improving existing procedures related to the issuance of timely warnings.	The College was not found to be out of compliance in this area. The Chief of Police will prepare an incident report to document the decision, including the justification and description. Quarterly reports will be prepared and submitted to the Clery Act Committee.	Follow up - Pending

VI. Internal Audit Plan for Fiscal Year 2021

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2021. An entity-wide risk assessment was conducted to evaluate each area based on current conditions, circumstances, and management concerns. Input to the annual plan was requested from the Board, the President, Vice presidents, and other senior managers. Major goals and institutional objectives were reviewed to identify areas where value-added audit services could be provided. On August 25, 2020 South Texas College's Board of Trustees approved the following projects for FY 2021.

FY 2021 (Scheduled)

1. Fraud Survey
2. Memorandum of Understanding for Early College High Schools and Dual Credit
3. Banner Computer System Security and Access
4. Science Lab Safety and Storage Compliance
5. Human Resources Processes – Faculty Credentials
6. Financial Aid – Federal Awards
7. Contractor Adherence to Prevailing Wage Rate Determination
8. Faculty Overloads & Stipends
9. Travel
10. Purchasing
11. Teacher Retirement System (TRS)
12. Office of Internal Audit – Quality Assurance and Improvement Program –
External Assessment/Peer Review
13. CARES Act Compliance Review

Office of Internal Audits
Fiscal Year 2021 Audit Plan

FY 2021 Audit Plan - Engagements		
Risk Based Audits	Hours	Percent
MOUs for Early College High Schools and Dual Credit	100	3%
Banner Computer System Security and Access	50	2%
Science Lab Safety and Storage Compliance	150	5%
Human Resources Processes - Faculty Credentials	200	6%
Financial Aid - Federal Awards	200	6%
Contractor Adherence to Prevailing Wage Rate Determination	200	6%
Faculty Overloads & Stipends	200	6%
Travel	150	5%
Purchasing	200	6%
Teacher Retirement System of Texas (TRS)	200	6%
Office of Internal Audit - QAIP - External Assessment	200	6%
Subtotal	1850	57%
Other Audit Responsibilities and Special Projects	Hours	Percent
Fraud Survey	100	3%
Administration (e.g. secure resources, align with IIA, etc.)	150	5%
Annual Financial Report [CAFR]	25	1%
Misc. data analytics / fraud detection procedures	150	5%
Professional Development & Training (40 hrs.CPE)	100	3%
Annual Risk Assessment & Risk Based Audit Plan Development	250	8%
Annual Report [Texas Govt. Code Sec. 2102.015]	200	6%
Follow-up on reported findings	275	8%
Unassigned/Unplanned/Mgmt. Special Requests	150	5%
Subtotal	1400	43%
Total	3250	100%

VII. External Audit Services – Fiscal Year 2020

All external audit services that were procured or were ongoing in fiscal year 2020 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- THECB – Desk Review of Perkins Career and Technical Education Basic Grants to States CFDA #84.048, Award #19210 and Award #19867;

VIII. Reporting Suspected Fraud and Abuse

South Texas College has taken the following actions to implement the fraud detection and reporting requirements of Section 7.09 of the 84th Legislature's General Appropriations Act, and Texas Government Code, Section 321.022:

- A confidential fraud hotline is available for employees to report suspected fraud.
- Solicits feedback from employees related to fraud through an annual fraud survey.
- Established formal guidelines for reporting and investigating suspected or known fraud, waste, abuse and other improprieties;
- South Texas College's *Guidelines for Reporting and Investigating Suspected or Known Fraud, Waste, Abuse and Other Improprieties* describes how to report suspected fraud to the State Auditor's Office and includes information on the State Auditor's Office Fraud, Waste, and/or Abuse Hotline.

Review and Discussion of the Texas Higher Education Coordinating Board Report on the Fiscal Year 2018 - 2019 Financial Condition Analysis of Texas Public Community College Districts

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, will review with the Committee the Texas Higher Education Coordinating Board Report on the Fiscal Year 2018 - 2019 Financial Condition Analysis of Texas Public Community College Districts.

Purpose – South Texas College’s financial information and ratios presented in the Financial Condition Analysis of Texas Public Community College Districts, will be reviewed with the Finance Committee.

Background - The Texas Higher Education Coordinating Board collects financial documents for Texas Public Institutions of higher education, including community colleges. The Texas Higher Education Coordinating Board’s annual report on the financial condition of the state’s community colleges is required as referenced in the General Appropriations Act, House Bill 1 (H.B. 1), 86th Texas Legislature, Section 12 (page III-213). The rider states the following:

“Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year.

The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor’s Office about the financial condition of the state’s community college districts.”

With the implementation of Governmental Accounting Standards Board (GASB) pronouncements 68 and 75, community college districts experienced significant turbulence in the financial condition metrics for Fiscal Year FY 2015 and FY 2018. Statements 68 and 75 are summarized below:

GASB 68 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

GASB 75 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

To create additional transparency, the GASB 68 and GASB 75 implementation transferred pension and other post-employment benefit (OPEB) liability from the state-level financial statements of the Teachers Retirement System (TRS) and Employers Retirement System (ERS) to the individual financial statements of the institutions. This transfer increased the visibility of pension and OPEB liability at the community college district level. The overall effect to statewide financial ratios and to the financial condition of community college districts was substantial.

For the purpose of this report, any GASB 68 and GASB 75 related long-term liabilities, deferred outflow of resources and deferred inflow of resources have been removed from the calculation of these metrics for FY 2018 - 2019, based on the updated KPMG report¹. However, any expenses related to GASB 68 and GASB 75 are included in the calculation, due to that they are included in operating expenses, and not broken out separately in the Comprehensive Annual Financial Report submitted to the Texas Higher Education Coordinating Board and do have an impact on the net position.

Justification - The objective of this report is to provide an assessment of the overall financial health of public community colleges and to identify institutions in which the potential for financial stress exists.

Enclosed Documents - The PowerPoint presentation and a copy of the report follows in the packet for the Committee’s review and discussion.

No action is required from the Committee. This item is presented for information and feedback to staff.

¹ For more information, see *Strategic financial analysis for higher education, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.*

Texas Higher Education Coordinating Board

Financial Condition Analysis of Texas Public Community College Districts



PRESENTED BY: Mary Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance & Administrative Services

1

Executive Summary

General Appropriation Act For The 2018-19 Biennium,
House Bill 1 (HB 1) 86th Texas Legislature, Section 13

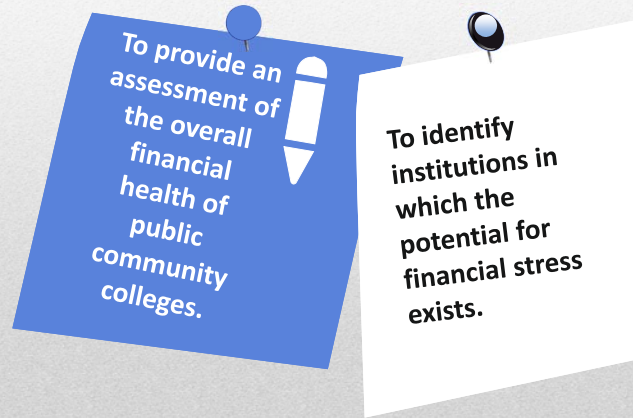


Community colleges shall provide a financial report to the Texas Higher Education Coordinating Board (THECB) by January 1st of each year.

THECB shall provide an annual report to the Legislative Budget Board and Governor's Office by May 1st about the financial condition of the State's Community College Districts.

2

Objective of Report



3

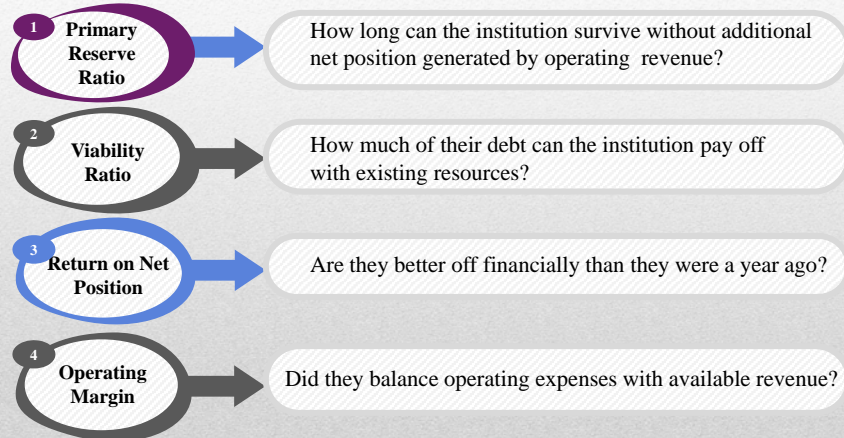
Ratios Calculated

- Composite Financial Index (CFI)
 - Primary Reserve Ratio
 - Viability Ratio
 - Return on Net Position
 - Operating Margin
- Equity Ratio
- Leverage Ratio

4

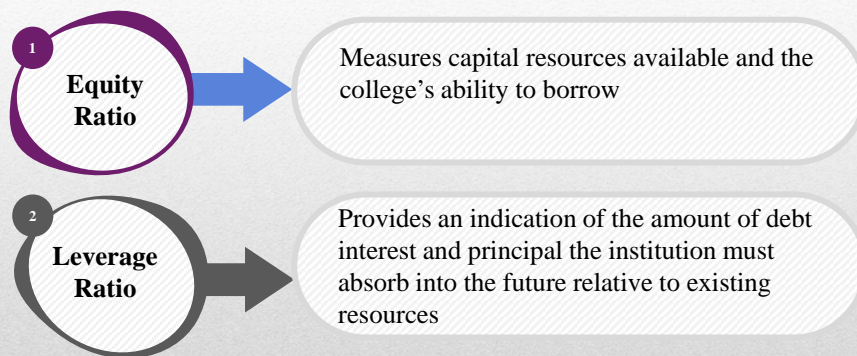
Composite Financial Index (CFI)

CFI blends four core financial ratios into one metric:



5

Additional Indicators



6

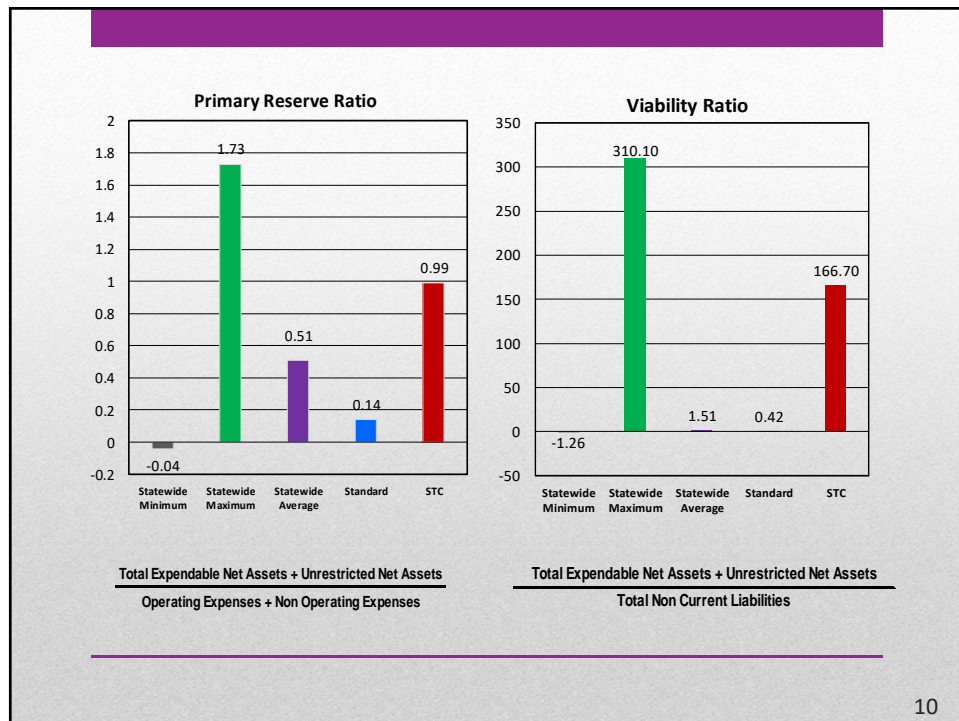
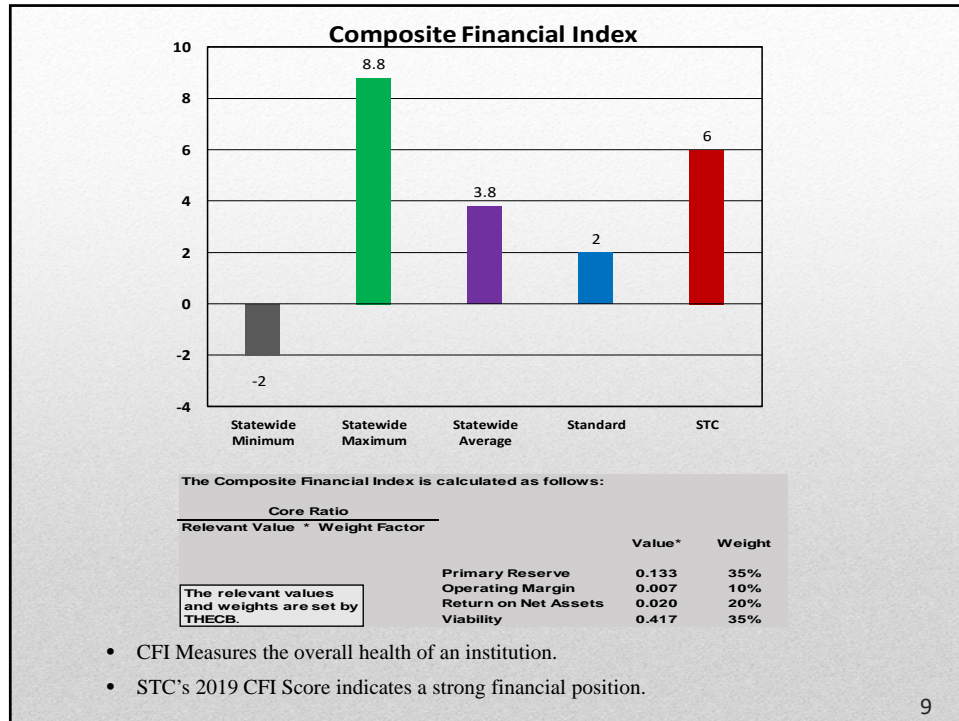
GASB 68 and GASB 75 Implementation

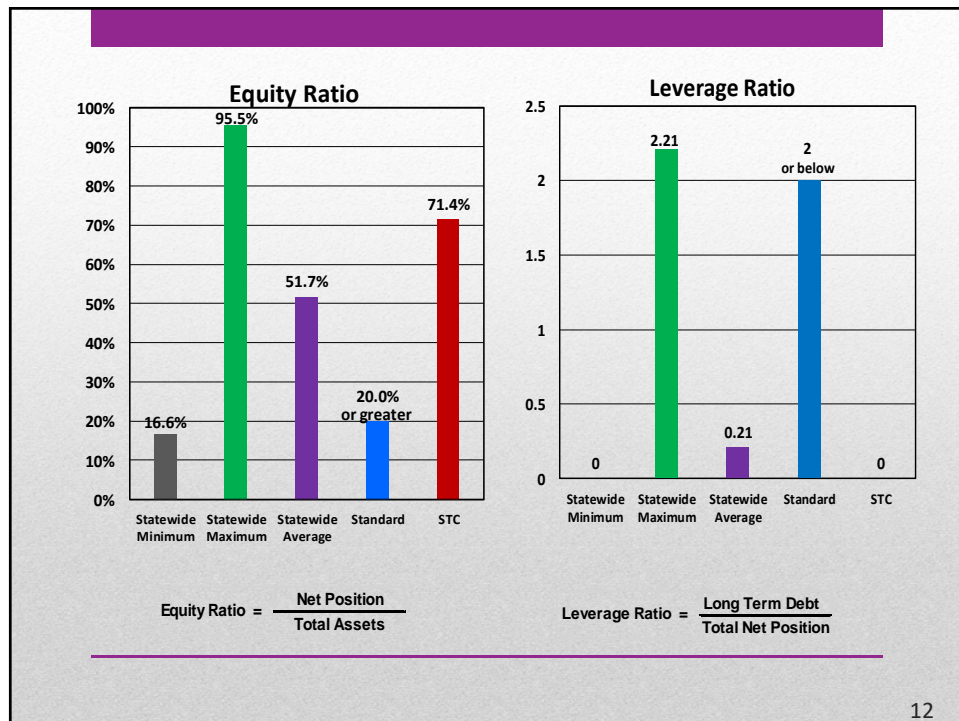
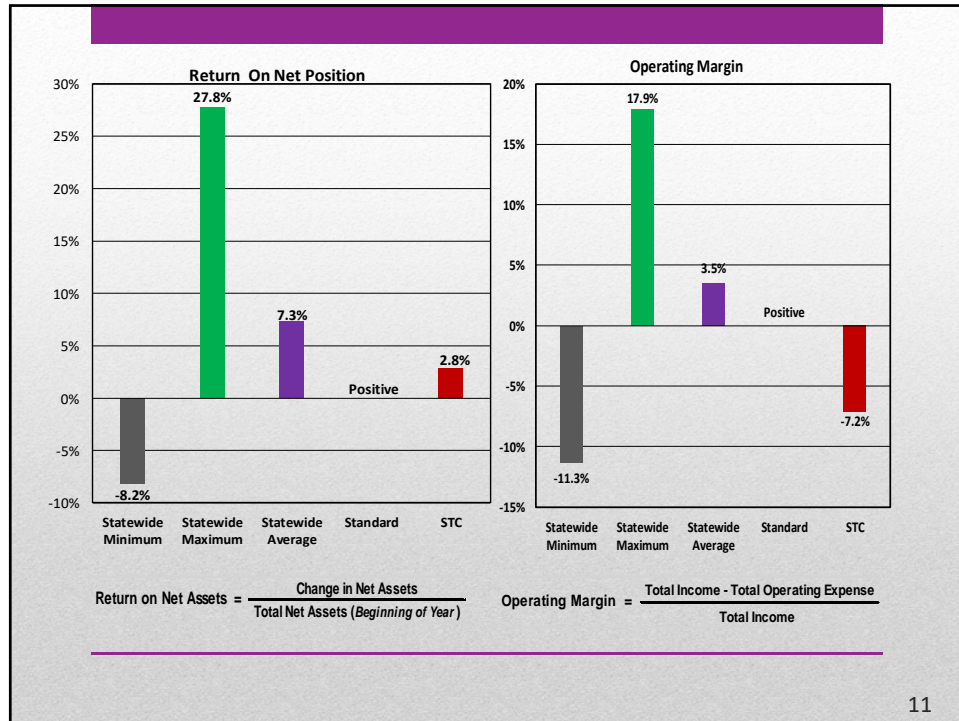
- For the purpose of this report, any GASB 68 and GASB 75 related long-term liabilities, deferred outflow of resources and deferred inflow of resources have been removed from the calculation of these metrics for FY 2019, based on the updated KPMG report.¹

¹ For more information, see Strategic financial analysis for higher education, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.

Factors Affecting Fiscal Year 2018 - 2019 Financial Condition Metrics

- Any expenses related to GASB 68 and GASB 75 are included in the calculation, due to that they are included in operating expenses, and not broken out separately in the Comprehensive Annual Financial Report submitted to the Texas Higher Education Coordinating Board and do have an impact on the net position.
- The negative Operating Margin is due to the increase in operating expenses related to the net income effect of GASB 68 and GASB 75 adjustments to pension and OPEB expense.





Financial Condition Conclusion

- For Fiscal year 2019, South Texas College met six of seven financial conditions, which is an indication of no financial stress.

13

Questions?

*Financial Condition Analysis of
Texas Public Community College Districts*

FY 2018 - 2019

14

Appendix A: Composite Financial Index, Core Financial, and Other Financial Ratio

Fiscal Year 2018 General Obligation Bond Debt Excluded

Financial Stress Indicators	District	Composite Financial Index	Return on Net Position	Operating Margin	Primary Reserve	Viability Ratio	Equity Ratio	Leverage Ratio
0	Alamo	3.0	13.6%	3.7%	0.25	0.54	38.6%	0.34
0	Alvin	6.6	13.7%	10.6%	0.27	154.87	42.7%	0.00
2	Amarillo	4.2	(0.4%)	(1.8%)	0.38	5.08	55.4%	0.03
0	Angelina	5.7	5.1%	3.1%	0.46	68.40	70.9%	0.00
3	Austin	3.2	27.8%	3.5%	0.19	0.18	16.9%	2.21
0	Blinn	4.6	13.2%	14.8%	0.64	0.76	53.3%	0.57
1	Brazosport	2.7	9.5%	(1.8%)	0.34	1.29	42.8%	0.07
0	Central Texas	7.2	2.7%	9.2%	0.93	73.31	87.4%	0.00
1	Cisco	1.6	4.0%	1.2%	0.15	0.74	64.5%	0.34
2	Clarendon	1.1	2.4%	(0.7%)	0.18	0.62	74.8%	0.02
0	Coastal Bend	3.4	3.5%	7.0%	0.30	1.50	59.6%	0.20
3	College Of The Mainland	0.7	(8.2%)	3.2%	0.18	0.62	16.6%	0.00
0	Collin	8.8	8.3%	17.9%	1.73	310.10	65.4%	0.00
0	Dallas	6.6	10.0%	2.7%	0.66	68.36	72.3%	0.00
0	Del Mar	5.8	13.1%	9.7%	0.44	2.80	37.6%	0.00
0	El Paso	4.2	8.8%	9.0%	0.63	0.83	49.7%	0.63
5	Frank Phillips	(2.0)	(4.1%)	(11.3%)	(0.04)	(1.26)	74.5%	0.04
0	Galveston	7.0	5.8%	7.8%	0.72	57.42	87.6%	0.00
0	Grayson	6.8	7.4%	7.0%	0.70	3.80	65.4%	0.05
0	Hill	4.9	1.8%	0.0%	0.45	164.70	86.6%	0.00
1	Houston	2.1	4.7%	(1.0%)	0.44	0.70	39.7%	0.51
1	Howard	2.7	4.1%	(3.8%)	0.49	1.68	65.4%	0.21
3	Kilgore	1.2	(0.7%)	(0.7%)	0.21	0.98	79.5%	0.13
0	Laredo	4.9	15.3%	8.1%	0.66	0.70	29.1%	0.89
0	Lee	5.0	18.4%	10.3%	0.45	1.18	44.5%	0.26
3	Lone Star	2.0	14.6%	(0.5%)	0.12	0.33	32.3%	0.25
1	McLennan	2.1	4.4%	(1.6%)	0.29	1.32	42.3%	0.26
0	Midland	7.5	11.4%	12.5%	0.70	4.70	73.7%	0.07
2	Navarro	1.5	2.3%	(0.9%)	0.28	0.78	60.1%	0.26
2	North Central Texas	3.1	(5.3%)	(10.7%)	0.20	7.22	65.8%	0.04
2	Northeast Texas	0.8	3.6%	(6.0%)	0.16	0.51	27.8%	0.43
0	Odessa	7.2	13.4%	13.0%	0.54	6.20	51.1%	0.06
0	Panola	7.1	6.1%	3.6%	0.96	106.82	60.0%	0.00
0	Paris	6.1	6.2%	10.9%	0.91	2.45	74.0%	0.20
4	Ranger	0.1	(1.5%)	(6.0%)	0.18	0.19	31.5%	1.50
1	San Jacinto	3.2	10.4%	(0.6%)	0.32	1.65	25.2%	0.21
0	South Plains	2.2	4.4%	0.3%	0.29	1.17	65.6%	0.23
1	South Texas	6.0	2.8%	(7.2%)	0.99	166.70	71.4%	0.00
1	Southwest Texas	3.0	17.5%	4.6%	0.15	0.29	41.2%	0.96
0	Tarrant	6.8	3.3%	6.7%	0.76	73.69	95.5%	0.00
1	Temple	3.1	1.6%	(1.1%)	0.48	2.20	53.6%	0.18
0	Texarkana	4.1	4.8%	9.7%	0.55	1.41	63.6%	0.00
1	Texas Southmost	6.8	3.6%	(3.6%)	1.27	4.86	70.6%	0.07
0	Trinity Valley	4.8	6.6%	6.6%	0.31	2.87	78.4%	0.06
3	Tyler	0.6	2.6%	1.6%	0.04	0.06	42.1%	0.64
3	Vernon	0.2	(3.2%)	(3.0%)	0.17	0.56	55.2%	0.41
2	Victoria	3.5	(2.1%)	(8.4%)	0.24	100.00	57.4%	0.00
1	Weatherford	6.1	2.7%	(1.5%)	0.96	4.54	75.7%	0.13
0	Western Texas	5.5	9.0%	15.1%	0.99	1.12	61.4%	0.44
0	Wharton	5.4	2.7%	2.5%	0.49	23.65	82.5%	0.01
0	Statewide	3.8	7.3%	3.5%	0.51	1.51	51.7%	0.21

Bold fonts indicate ratios that do not meet the state standard.

- 0 Zero to one financial stress indicators, which indicates no financial stress.
- 2 Two to three financial stress indicators, which indicates little to moderate financial stress.
- 4 Four to seven financial stress indicators, which indicates financial stress.

Financial Condition Analysis of Texas Public Community College Districts

April 2020

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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency through *60x30TX*, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The THECB's core values are:

Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

Efficiency: We accomplish our work using resources in the most effective manner.

Collaboration: We develop partnerships that result in student success and a highly qualified, globally competent workforce.

Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

Please cite this report as follows: Texas Higher Education Coordinating Board. (2019). Financial condition analysis of Texas public community college districts. Austin, TX.

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Executive Summary

An annual report about the financial condition of the state's community colleges is required by a rider in the General Appropriations Act, Senate Bill 1, Article III- 217, Section 12, 85th Texas Legislature (See Appendix B). The objective of the report, and the accompanying Excel workbook, is to provide an assessment of the overall financial health of public community colleges and to identify the potential for financial stress at specific community colleges.

This analysis is intended to be a broad financial evaluation. Other key performance indicators must be considered to gain a more robust and complete understanding of institutional strength. This analysis is not intended for peer-group comparisons or for benchmarking purposes.

With the implementation of Governmental Accounting Standards Board (GASB) pronouncements 68 and 75, community college districts experienced significant turbulence in the financial condition metrics for Fiscal Year (FY) 2015 and FY 2018. Statements 68 and 75 are summarized below:

GASB 68 Summary

"The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency."

GASB 75 Summary

"The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency."

To create additional transparency, the GASB 68 and 75 implementation transferred pension and other post-employment benefit (OPEB) liability from the state-level financial statements of the Teachers Retirement System and Employers Retirement System to the individual financial statements of the institutions. This transfer increased the visibility of pension and OPEB liability at the community college district level. The overall effect to statewide financial ratios and to the financial condition of community college districts was substantial.

Ratios referenced in this report are commonly used by external entities to measure the health of higher education institutions. A Composite Financial Index has been calculated to provide one metric to efficiently analyze the financial health of all districts. Other ratios used in this analysis include an equity ratio and a leverage ratio. For the purpose of this report, the implementation of GASB 68 and 75 has, for the most part, been removed from the calculation of these metrics, with potential limitations of metrics using operating expenses, for FY 2019, based on updated guidance from multinational

accounting organization KPMG¹. Coordinating Board staff will be working with the community colleges on methods to identify the full financial impacts associated with GASB 68 and 75 going forward.

¹ For more information, see *Strategic financial analysis for higher education*, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.

Overview

There are 50 public community college districts in Texas, the oldest dating back to 1869. They are locally controlled governmental entities established via an election process.

State statute specifies that newly created districts must have 15,000 secondary students and a minimum assessed property valuation of \$2.5 billion. Five of the existing districts do not currently meet that standard.

To a significant degree, local control enables districts to determine their own financial destiny. State law and rules of the Texas Higher Education Coordinating Board (THECB or Coordinating Board) impose some limitations, but local autonomy and demographics account for much of the variation in resource allocation and revenue collection².

Community college districts have four primary funding sources: state formula funding, local property tax revenue, tuition and fee revenue, and other income that is largely from federal funds. Although some districts have endowments, they are more commonly found in universities. Revenue from endowments is most often used for tuition assistance as opposed to operations.

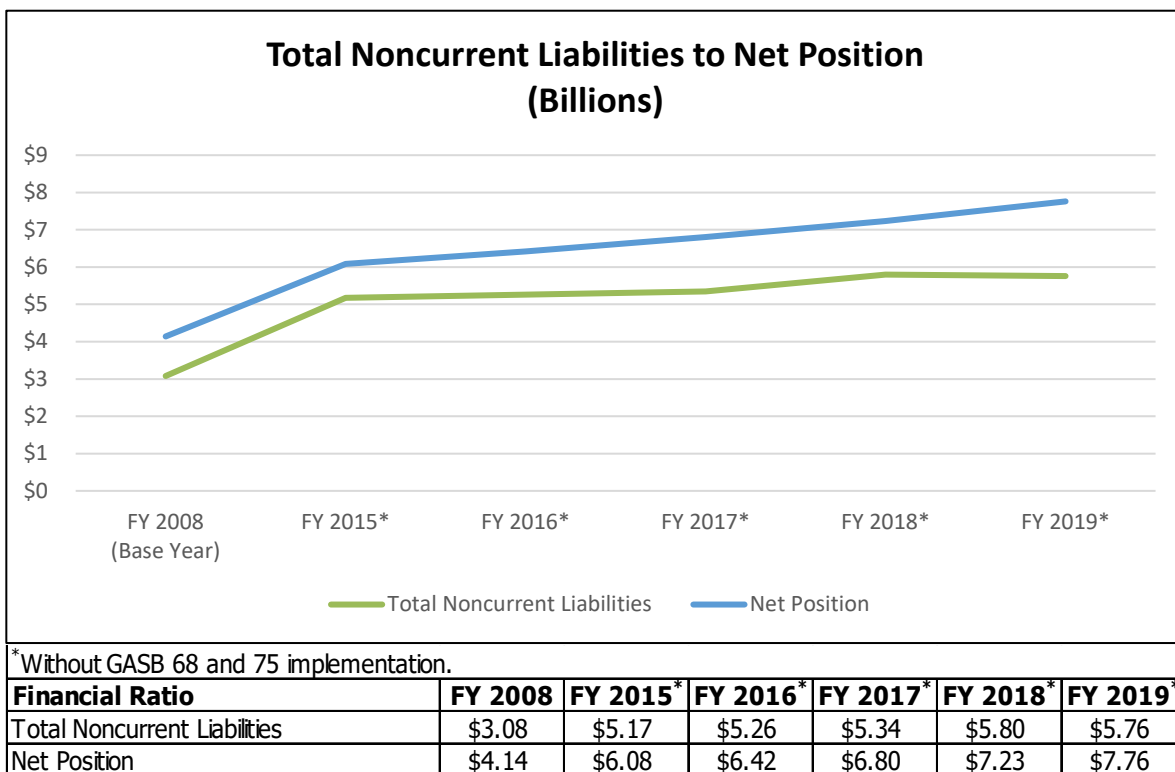
² Texas Research League, *Benchmarks for community and junior colleges in Texas*, August 1993.

Noncurrent Liabilities to Net Position Comparison

There are two financial components considered in analyzing the financial condition of Texas community colleges. A comparison of an institution's noncurrent liabilities or long-term debt to its cash or net position are instrumental in determining an institution's financial condition.

The year-to-year comparison in Figure 1 shows total noncurrent liabilities to net position. The graph does not include the impacts of GASB 68 and 75 implementation for FY 2019. Total noncurrent liabilities have increased \$2.68 billion since FY 2008. Most of the increase is due to the issuance of general obligation (GO) bonds by the institutions. For FY 2019, the total noncurrent liabilities for Texas public community colleges was \$5.76 billion. Overall, Texas public community colleges are managing the growth they have experienced. Net position has increased \$3.62 billion since FY 2008, to \$7.76 billion in FY 2019.

Figure 1. Comparison of Statewide Noncurrent Liabilities to Net Position of Texas Public Community Colleges



Financial Analysis in Higher Education³

The concept of using selected indicators, such as ratios, for financial analysis dates to at least 1980. Financial analysis can measure success against institutional objectives and provide useful information that can form a basis for sound planning.

The overall financial health of an institution can be assessed via two dimensions of inquiry. First, is the institution financially capable of successfully carrying out its current programs? Second, is the institution able to carry out its intended programs well into the future?

Along with these two dimensions, four key financial questions need to be asked:

- Are resources sufficient and flexible enough to support the mission?
- Are resources, including debt, managed strategically to advance the mission?
- Does asset performance and management support the strategic direction?
- Do operating results indicate the institution is living within available resources?

A widely accepted metric called the Composite Financial Index (CFI) is often used to address these four key questions. The index was developed over time by a consortium of consulting companies led by KPMG and introduced in 1999. Many institutions, including the U.S. Department of Education, the State of Ohio Board of Regents, credit-rating agencies, and countless institutions of higher education, employ the index or similar approaches.

The CFI blends four core financial ratios into one metric, providing a more balanced view of an institution's finances since weakness in one measure can be offset by strength in another. Additionally, measuring the index over time provides a glimpse of the progress institutions are making toward achieving financial goals.

The Coordinating Board has been calculating the CFI and sharing related data with community college districts since 2007.

The CFI includes the following four core ratios: Primary Reserve, Viability, Return on Net Position, and Operating Margin.

³ For more information, see *Strategic financial analysis for higher education*, 6th edition, KPMG, Prager, Sealy & Co., Bearing Point, 2005.

Metrics Used in This Report

This report uses a Composite Financial Index (CFI) to provide one metric to efficiently analyze the financial health of all Texas community college districts. Other metrics used in this analysis include an equity ratio and a leverage ratio.

The threshold for the CFI was established by considering the original work conducted by KPMG in creating the index and industry practice. The CFI is a strong and established method to assess overall financial condition. While variability exists in the statewide CFI when looking at a year-to-year comparison, the overall financial condition of public community colleges improved in the four years before 2015, when GASB 68 took effect, with the statewide CFI increasing from 3.0 in FY 2011 to 3.3 in FY 2014. The financial condition index has continued to improve through FY 2019, when the CFI reached 3.8.

Composite Financial Index

The CFI measures the overall health of an institution by combining four ratios into a single metric. The four core ratios used in the CFI include return on net position, operating margin, primary reserve, and viability ratio.

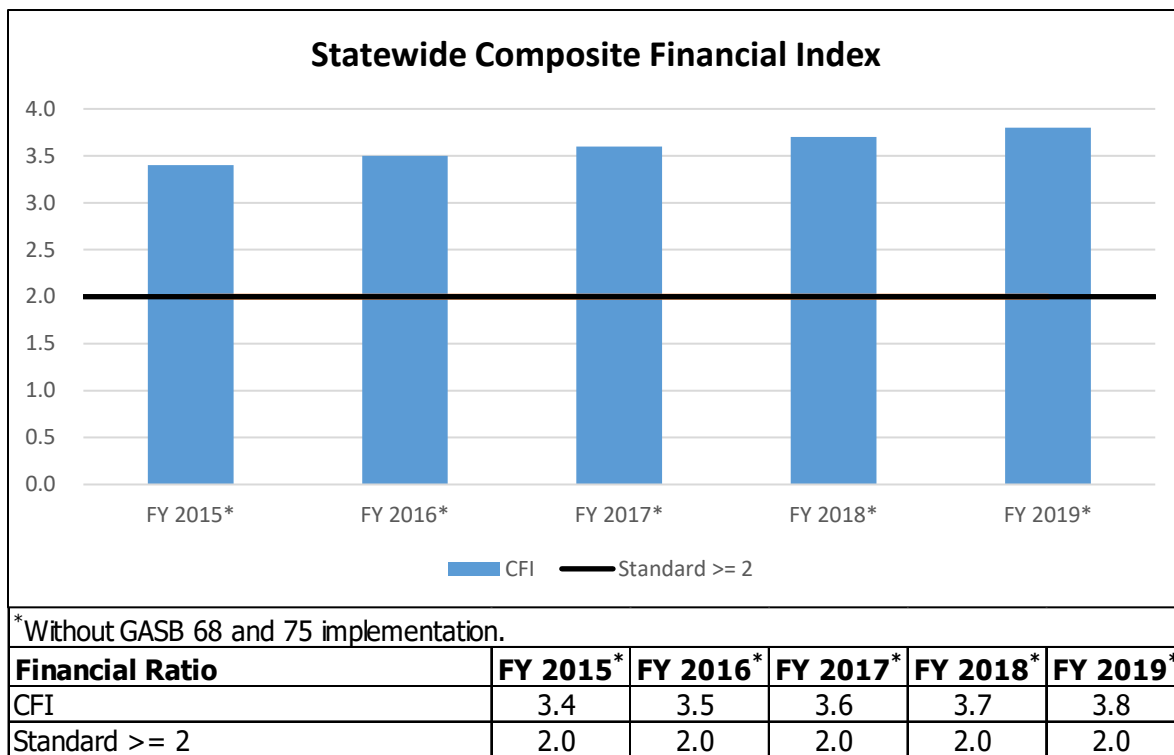
Calculation – The CFI is computed using a four-step methodology:

1. Compute the values of the core ratios.
2. Calculate strength factors by dividing the core ratios by threshold values.
3. Multiply the factors by specific weights.
4. Total the resulting scores to obtain the Composite Financial Index.

<i>Core Ratio</i>		<i>Value</i>		<i>Strength Factor</i>		<i>Weight</i>		<i>Score</i>
Return on Net Position	/	0.02	=	Factor	X	20%	=	Score
Operating Margin	/	0.007	=	Factor	X	10%	=	Score
Primary Reserve	/	0.133	=	Factor	X	35%	=	Score
Viability Ratio	/	0.417	=	Factor	X	35%	=	Score
Composite Financial Index							=	<u>Total Score</u>

Results – The 2019 combined CFI for public community colleges is 3.8, which is an increase from 3.7 in 2018 and exceeds the statewide standard of 2.0 or greater. The standard was met by 40 of the 50 districts. CFI numbers generally range from 0.0 to 10.0, although it is possible to have a CFI higher than 10.0 or below zero. A year-to-year comparison of statewide CFI can be seen in Figure 2 on the following page.

Figure 2. A Year-to-Year Comparison of the Texas Public Community Colleges Composite Financial Index



Financial Ratios

Primary Reserve Ratio

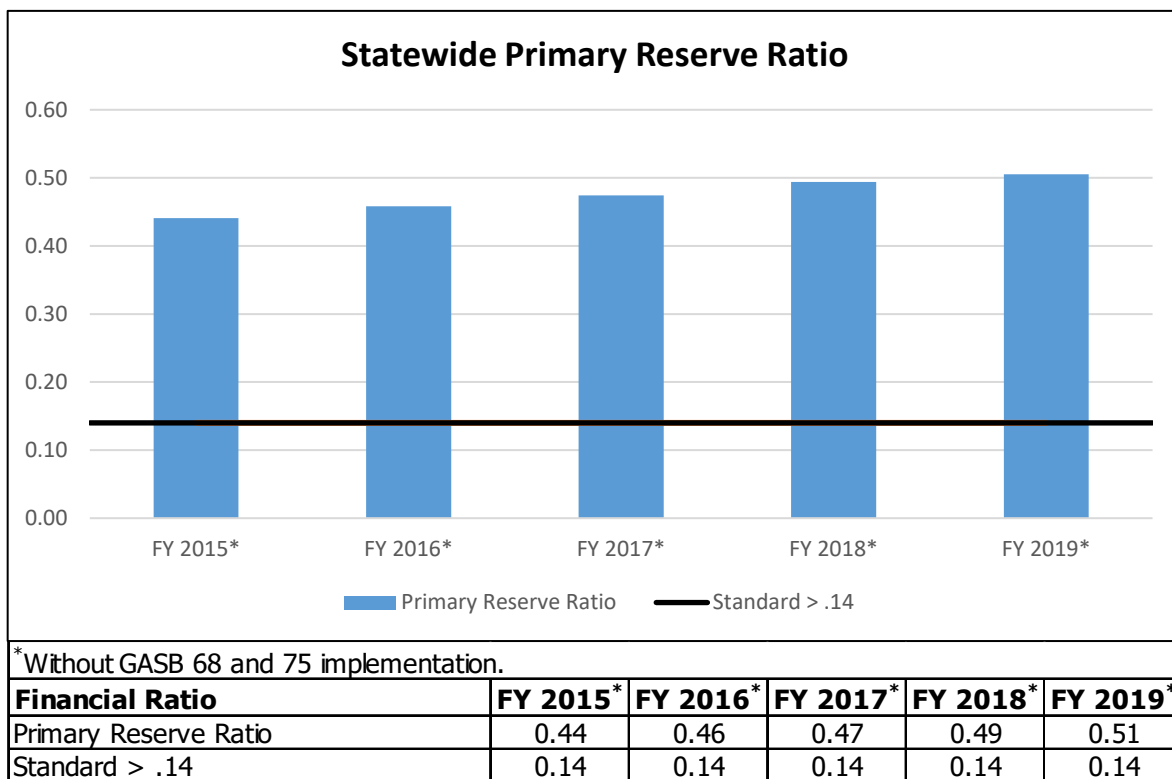
The primary reserve ratio measures financial strength and flexibility by comparing expendable net position to total expenses, as expressed in Figure 3. This measure answers the question, "How long can the institution survive without additional net position generated by operating revenue?"

Calculation – Total expendable net position + Unrestricted net position / Operating expenses + Interest expense on debt. *

*Interest expense on debt includes all debt, both tax and other revenue supported.

Results – The 2019 statewide ratio for public community colleges is .51, which is an increase from .49 in 2018. A ratio of 0.14 or greater is the standard used in this report. The standard was met by 47 of the 50 districts.

Figure 3. A Year-to-Year Comparison of the Texas Public Community Colleges Primary Reserve Ratio



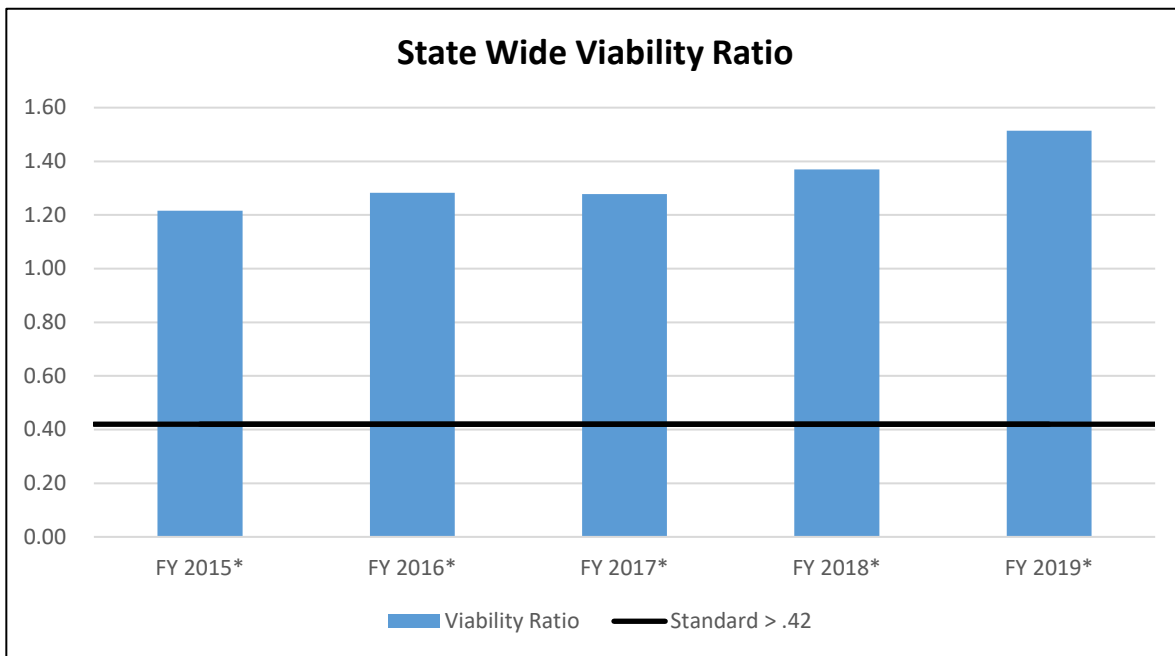
Viability Ratio

The viability ratio measures the financial health of the institution by comparing total expendable net position to total noncurrent liabilities, as expressed in Figure 4. This ratio is similar to a coverage ratio used in the private sector to indicate the ability of an organization to cover its long-term debt and answers the question, "How much of the debt can the institution pay off with existing resources?"

Calculation – Total expendable net position + Unrestricted net position / Noncurrent liabilities, excluding general obligation (GO) debt

Results – The 2019 statewide ratio for public community colleges is 1.51, which is an increase from 1.37 in 2018. A ratio of 0.42 or greater is the state standard, which was met by 44 of the 50 districts.

Figure 4. A Year-to-Year Comparison of the Texas Public Community Colleges Statewide Viability Ratio



*Without GASB 68 and 75 implementation.

Financial Ratio	FY 2015*	FY 2016*	FY 2017*	FY 2018*	FY 2019*
Viability Ratio	1.22	1.28	1.28	1.37	1.51
Standard > .42	0.42	0.42	0.42	0.42	0.42

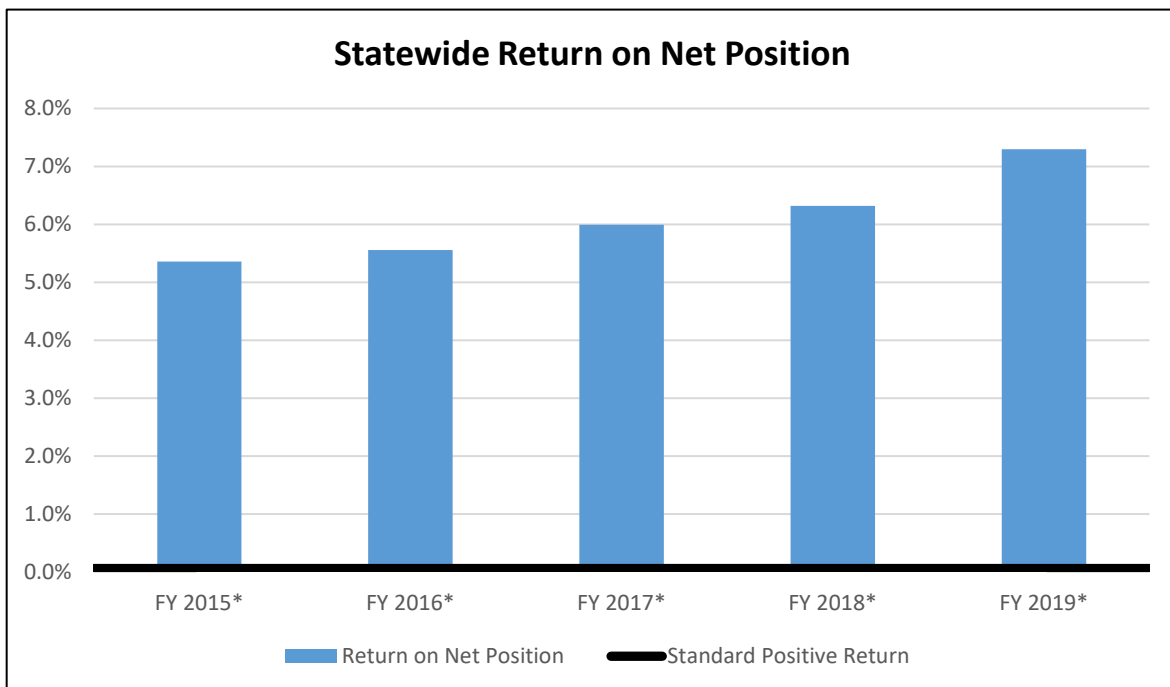
Return on Net Position

Return on net position measures total economic return during the fiscal year, as expressed in Figure 5. This measure is similar to the return on equity ratio used in examining for-profit concerns and answers the question, "Is the institution better off financially than it was a year ago?"

Calculation – $\text{Change in net position} / \text{Total net position (beginning of year)}$

Results – The 2019 statewide ratio for public community colleges is 7.3 percent, which is an increase from 6.3 percent in 2018. A positive return is the standard used in this report and this standard was met by 42 of the 50 districts.

Figure 5. A Year-to-Year Comparison of the Texas Public Community Colleges Statewide Net Position



*With GASB 68 and 75 implementation removed.

Financial Ratio	FY 2015*	FY 2016*	FY 2017*	FY 2018*	FY 2019*
Return on Net Position	5.4%	5.6%	6.0%	6.3%	7.3%
Standard Positive Return	0.0%	0.0%	0.0%	0.0%	0.0%

Operating Margin

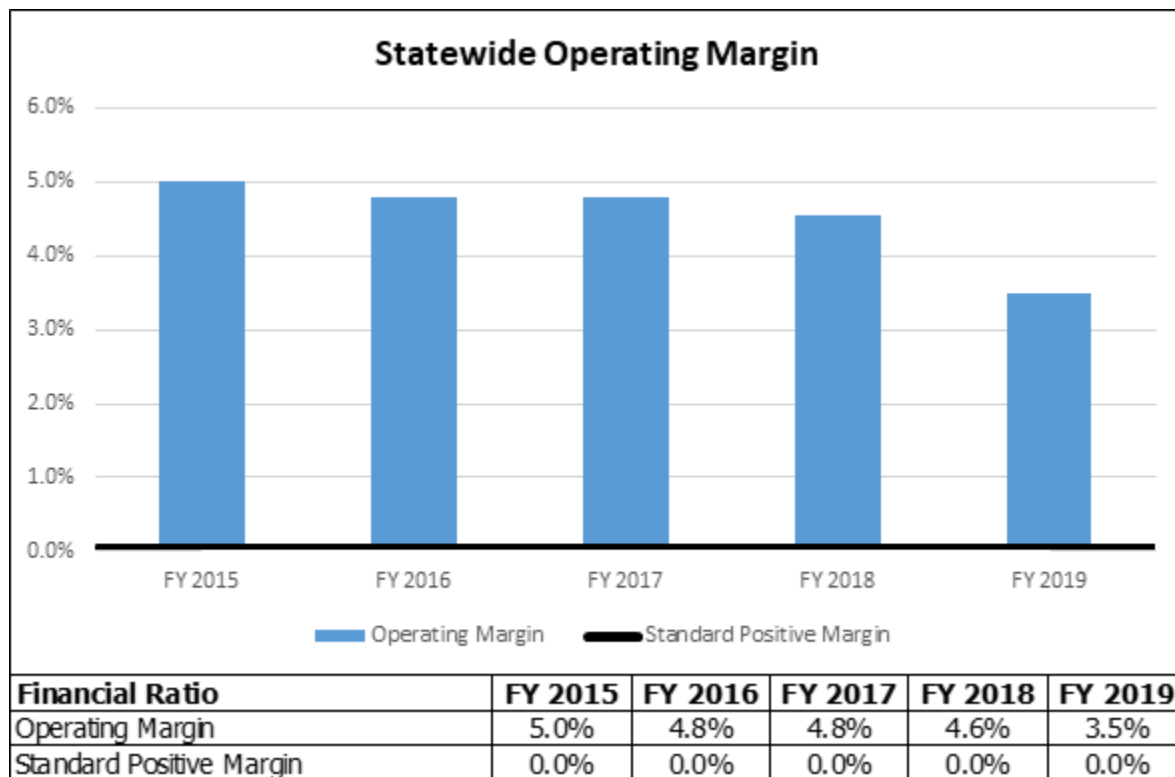
Operating margin indicates an operating surplus or deficit in the given fiscal year, as expressed in Figure 6. This ratio is similar to a profit margin and answers the question, "Did the institutions balance operating expenses with available revenue?" Depreciation expense is included to reflect the use of physical assets in measuring operating performance.

Calculation – Total income - total operating expense / Total income*

*Includes all operating revenue plus formula funding, property tax, and Title IV federal revenue.

Results – The 2019 statewide margin for public community colleges is 3.5 percent, which is a decrease from 4.6 percent in 2018. A positive margin is the standard used in this report. The standard was met by 30 of the 50 districts.

Figure 6. A Year-to-Year Comparison of the Texas Public Community Colleges Statewide Operating Margin



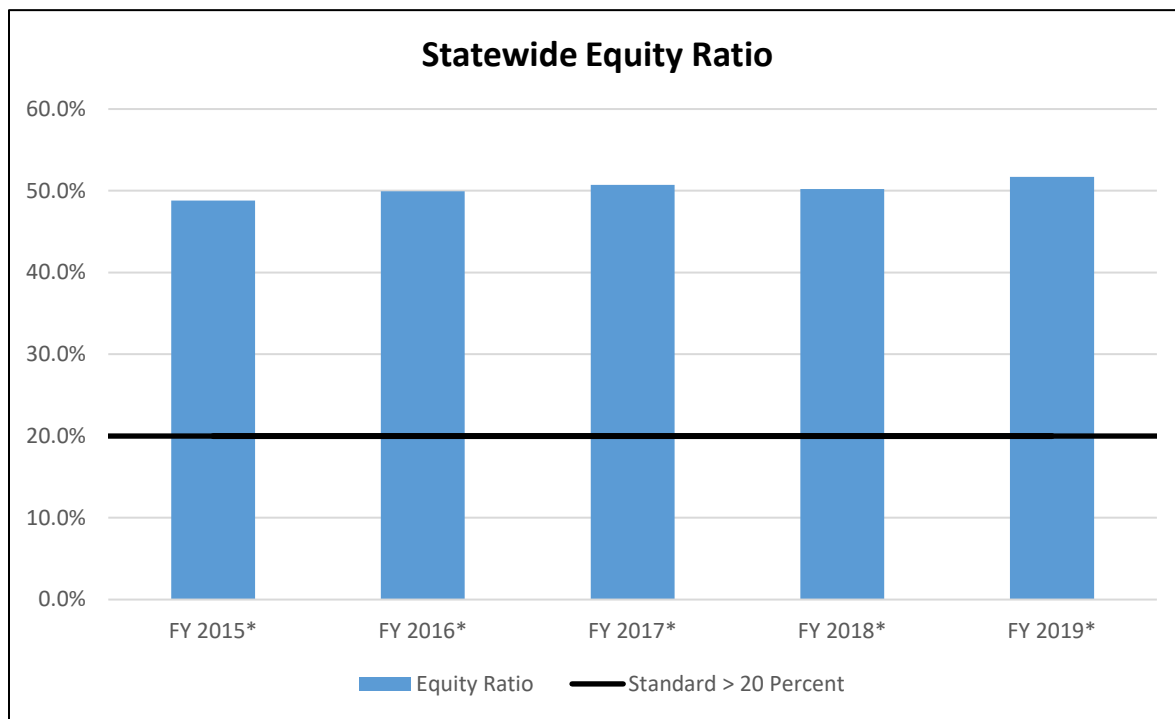
Equity Ratio

The equity ratio measures capital resources available and a college's ability to borrow, as expressed in Figure 7. The U.S. Department of Education (ED) introduced this ratio to enhance reporting for institutions that do not have long-term debt. The ED uses financial ratios, in part, to provide oversight to institutions participating in programs authorized under Title IV of the Higher Education Act.

Calculation – Net position / Total assets

Results – The 2019 statewide ratio for public community colleges is 51.7 percent, which is an increase from 50.2 percent in 2018. A ratio of 20 percent or greater is the standard used in this report. The standard was met by 48 of the 50 districts.

Figure 7. A Year-to-Year Comparison of the Texas Public Community Colleges Statewide Equity Ratio



*With GASB 68 and 75 implementation removed.

Financial Ratio	FY 2015*	FY 2016*	FY 2017*	FY 2018*	FY 2019*
Equity Ratio	48.8%	49.9%	50.7%	50.2%	51.7%
Standard > 20 Percent	20.0%	20.0%	20.0%	20.0%	20.0%

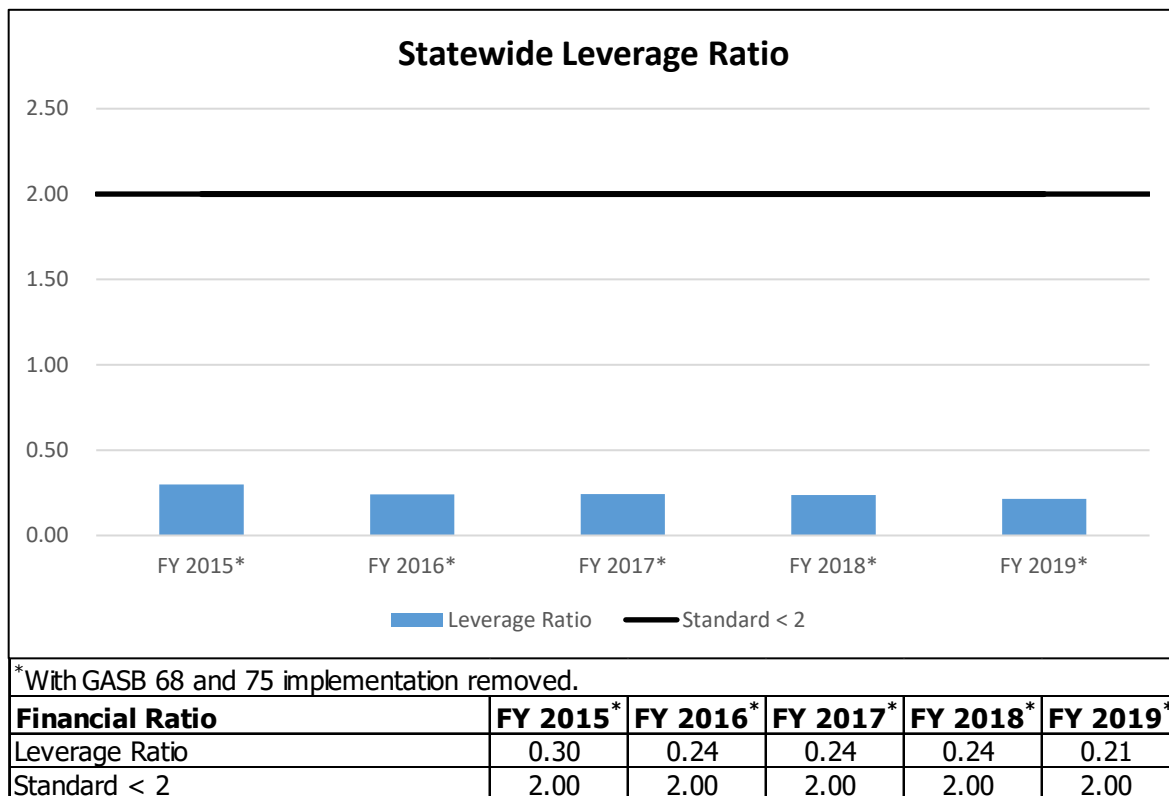
Leverage Ratio

The leverage ratio measures the amount of debt in relation to net position and provides an indication of the amount of interest and principle the institution must absorb in the future, as expressed in Figure 8. This ratio is similar to the debt-to-equity ratio used in the private sector. The leverage ratio differs from the viability ratio in that investment in physical plant assets is included as part of the numerator. Long-term debt includes bonds payable, excluding GO bonds and long-term liabilities.

Calculation – Long-term debt / Total net position

Results – The 2019 statewide ratio for the public community colleges is .21, which is a decrease from 0.24 in 2018. A ratio of less than 2.0 is the standard used in this report. The standard was met by 49 of the 50 districts.

Figure 8. A Year-to-Year Comparison of the Texas Public Community Colleges Statewide Leverage Ratio



Appendix A contains the indicators for the 50 districts for FY 2019. An Excel workbook is available that contains all the financial data used for the indicators and includes data for Fiscal Years 2003 to 2019.

The financial data used in this analysis came from the Community College Annual Reporting and Analysis Tool (CARAT) and is available online at:
http://reports.theccb.state.tx.us/approot/carat/afr_reports.htm.

Data are reported by the institutions and came from published annual financial reports.

Financial Condition

As seen in Table 1 below, 48 of the 50 Texas public community college districts have moderate or no indication of financial stress, which means they met four or more of the seven indicators. Twenty-five of these meet the threshold for all indicators. In FY 2019, 48 community college districts had moderate or no indication of financial stress. Currently, two community college districts do not meet four or more indicators, which means they could be experiencing some financial stress.

Table 1. A Year-to-Year Comparison of the Number of Texas Public Community Colleges Meeting the Individual Indicators

	FY 2014	FY 2015*	FY 2016*	FY 2017*	FY 2018*	FY 2019*
Met all 7 indicators	29	30	29	28	30	25
Met 6 indicators	5	6	4	10	11	11
Met 5 indicators	10	7	7	7	3	6
Met 4 indicators	4	4	6	3	3	6
Met 3 indicators	0	2	2	0	3	1
Met 2 or fewer indicators	2	1	2	2	0	1
*Without GASB 68 and 75 implementation.						

The two institutions below were requested to provide brief, detailed explanations of why they did not meet four or more indicators:

Frank Phillips College

Frank Phillips College did not meet five of the indicator thresholds. The operating margin was negative. Expendable and unrestricted net position was negative, which lowered the primary reserve and viability ratios below the state standard. In the previous nine years, the college has had a negative operating margin and has not met the 2.0 threshold on the CFI.

Institutional Comments – Teri Langwell, Director of Accounting

“On behalf of Frank Phillips College, we would like to provide an explanation regarding the College’s financial ratios for the year ending 2019. We understand that these ratios do show financial stress, but we would like to highlight that the OPEB adjustments created a significant impact on these values. From a financial perspective, we as a college operate on a balanced budget excluding depreciation expense. Every year we recognize approximately \$350,000 of depreciation expense which directly relates to our decrease in net position. Our net position decreased this year by \$1,375,888. However, the reduction is less than the increase in OPEB and Pension liabilities of \$3,802,178 by \$2,426,290. We believe our small community college is headed in the right direction and will continue in this direction in the future. Last year we discussed growing new programs and increasing our contact hours, we are working hard to accomplish this goal. Our overall contact hours were flat this year on the academic side and had a slight decrease on the career and technical side. We have continued to grow and expand our CTE programs at both our branch campuses. We are anticipating additional revenue with little related

expense. We have updated our Distance Learning Classrooms on all of our campuses so that we can teach from any of these campuses, which will lead to a direct decrease in instructional salaries while increasing tuition revenue. Another positive about the updates to these classrooms is that we can tap into the expertise of the citizens in our rural communities and broadcast it anywhere in our service area.

We are constantly working with our local communities to offer programs that will directly fill high-demand career fields. We are also collaborating with several counties and hospitals in a rural nursing program. New site implementation is currently underway to offer this program at four campuses. We have dedicated hospital staff that will assist in teaching these courses so that there will be little to minimal impact in our expense. We are anticipating growth in tuition and fees in the upcoming year, with our completed CTE programs, new branch facilities, and increased focus on our rural nursing program.

We believe that the changes above, as well as additional strategies not listed, and the support of our local communities will keep us headed in a positive direction. We are confident that our financial indicators will continue to improve and resolve with the persistent focus on these changes.”

Ranger College

Ranger College did not meet four of the indicator thresholds. The operating margin and return on net position were negative. The college’s expendable and unrestricted net position decreased from FY 2018, which decreased the institution’s viability ratio, which remains below the state standard.

Institutional Comments – Gaylyn Mendoza, Chief Financial Officer

“On behalf of Ranger College, we would like to provide explanations on the College’s financial ratios for the 2019 fiscal year that categorized the college as reporting financial stress. We would also like to include in this explanation upcoming programs that we have planned to be ensure a better success rate for our students, meet the needs of our communities that we serve, advance our students to the next level, and increase our contact hours and revenue.

The negative Return on Net Position is related to the College's negative net income effect of GASB 68 and GASB 75 adjustments netting to \$634,320. This is due to the actuarial calculation of pension and other post-employment benefits (OPEB) expense being greater than the actual college contributions for pension and post-employment benefits. In the previous year the college had two larger non-cash donations of capital assets that were able to offset the GASB adjustments. In the current year, the college also had a large decrease in continuing education revenue related to a program that was not funded or needed in the current year by the partner corporation. This program has always reported a net revenue for the college.

The negative Operating Margin is related to the increase in operating expenses related to the net income effect of GASB 68 and 75 adjustments to pension and OPEB expense as well as increasing depreciation expense for the increase in capital assets over the past couple of years. The negative operating margin is also due to a decrease in maintenance and operations

tax revenue of 90% from the prior year as well as the decrease in continuing education revenue related to a program that was not funded or needed in the current year by the partner corporation and the decrease in non-cash donations of capital assets in the current year.

The Viability Ratio being below the standard is due to the negative change in net position as detailed out in the section on the Return on the Net Position.

Ranger College has fully committed to the Guided Pathways Reform. With this commitment, we are redesigning all policies, programs and services to center around student success. As a result, we are constantly growing and expanding our (Career and Technical Education) CTE and Workforce Programs at all campuses and within our Dual Credit Program as well.

Programs that are increasing include Machining, EMT, Cosmetology and Welding. We recently expanded our welding program to include a partnership with Central Texas Opportunities that will enable us to offer night classes to underserved populations in our area. We continue to build new partnerships with high schools to expand our machining and EMT programs to many more rural high schools.

Beginning in August, we will be implementing a new Unmanned Aircraft Systems (UAS) program that will be offered to both traditional and dual credit students. We will also have our first Licensed Vocational Nursing (LVN) class extended into dual credit classrooms. In addition, we recently added a new Certified Dietary Management program to our offerings. The goal is to begin offering this program within the next six months. With the expansion and addition of these programs we are anticipating an increase in contact hours and additional revenue.

In addition, using Guided Pathways, has enabled us to develop twenty new Fields of Studies (FOS). Using DigiTex we were able to add these FOS with absolutely no additional personnel cost to the College and will also have options to generate income using DigiTex to offer courses to students from other community colleges.

Ranger College is continuously seeking ways to work with industry partners and community leaders to fill the needs of our community. This constant collaboration provides us the opportunity to increase contact hours and revenue.”

Appendix A: Composite Financial Index, Core Financial, and Other Financial Ratio

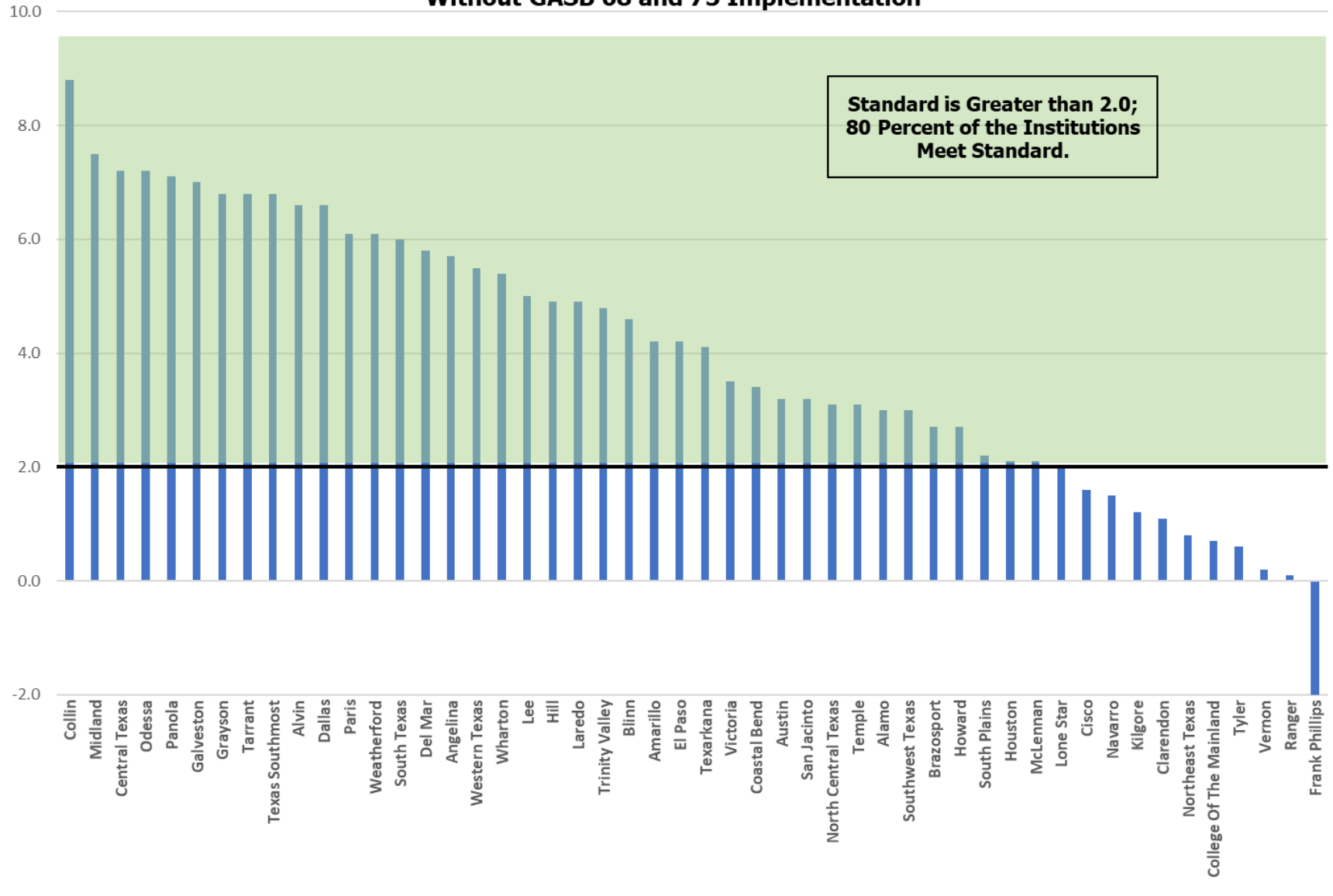
Fiscal Year 2018 General Obligation Bond Debt Excluded

Financial Stress Indicators	District	Composite Financial Index	Return on Net Position	Operating Margin	Primary Reserve	Viability Ratio	Equity Ratio	Leverage Ratio
0	Alamo	3.0	13.6%	3.7%	0.25	0.54	38.6%	0.34
0	Alvin	6.6	13.7%	10.6%	0.27	154.87	42.7%	0.00
2	Amarillo	4.2	(0.4%)	(1.8%)	0.38	5.08	55.4%	0.03
0	Angelina	5.7	5.1%	3.1%	0.46	68.40	70.9%	0.00
3	Austin	3.2	27.8%	3.5%	0.19	0.18	16.9%	2.21
0	Blinn	4.6	13.2%	14.8%	0.64	0.76	53.3%	0.57
1	Brazosport	2.7	9.5%	(1.8%)	0.34	1.29	42.8%	0.07
0	Central Texas	7.2	2.7%	9.2%	0.93	73.31	87.4%	0.00
1	Cisco	1.6	4.0%	1.2%	0.15	0.74	64.5%	0.34
2	Clarendon	1.1	2.4%	(0.7%)	0.18	0.62	74.8%	0.02
0	Coastal Bend	3.4	3.5%	7.0%	0.30	1.50	59.6%	0.20
3	College Of The Mainland	0.7	(8.2%)	3.2%	0.18	0.62	16.6%	0.00
0	Collin	8.8	8.3%	17.9%	1.73	310.10	65.4%	0.00
0	Dallas	6.6	10.0%	2.7%	0.66	68.36	72.3%	0.00
0	Del Mar	5.8	13.1%	9.7%	0.44	2.80	37.6%	0.00
0	El Paso	4.2	8.8%	9.0%	0.63	0.83	49.7%	0.63
5	Frank Phillips	(2.0)	(4.1%)	(11.3%)	(0.04)	(1.26)	74.5%	0.04
0	Galveston	7.0	5.8%	7.8%	0.72	57.42	87.6%	0.00
0	Grayson	6.8	7.4%	7.0%	0.70	3.80	65.4%	0.05
0	Hill	4.9	1.8%	0.0%	0.45	164.70	86.6%	0.00
1	Houston	2.1	4.7%	(1.0%)	0.44	0.70	39.7%	0.51
1	Howard	2.7	4.1%	(3.8%)	0.49	1.68	65.4%	0.21
3	Kilgore	1.2	(0.7%)	(0.7%)	0.21	0.98	79.5%	0.13
0	Laredo	4.9	15.3%	8.1%	0.66	0.70	29.1%	0.89
0	Lee	5.0	18.4%	10.3%	0.45	1.18	44.5%	0.26
3	Lone Star	2.0	14.6%	(0.5%)	0.12	0.33	32.3%	0.25
1	McLennan	2.1	4.4%	(1.6%)	0.29	1.32	42.3%	0.26
0	Midland	7.5	11.4%	12.5%	0.70	4.70	73.7%	0.07
2	Navarro	1.5	2.3%	(0.9%)	0.28	0.78	60.1%	0.26
2	North Central Texas	3.1	(5.3%)	(10.7%)	0.20	7.22	65.8%	0.04
2	Northeast Texas	0.8	3.6%	(6.0%)	0.16	0.51	27.8%	0.43
0	Odessa	7.2	13.4%	13.0%	0.54	6.20	51.1%	0.06
0	Panola	7.1	6.1%	3.6%	0.96	106.82	60.0%	0.00
0	Paris	6.1	6.2%	10.9%	0.91	2.45	74.0%	0.20
4	Ranger	0.1	(1.5%)	(6.0%)	0.18	0.19	31.5%	1.50
1	San Jacinto	3.2	10.4%	(0.6%)	0.32	1.65	25.2%	0.21
0	South Plains	2.2	4.4%	0.3%	0.29	1.17	65.6%	0.23
1	South Texas	6.0	2.8%	(7.2%)	0.99	166.70	71.4%	0.00
1	Southwest Texas	3.0	17.5%	4.6%	0.15	0.29	41.2%	0.96
0	Tarrant	6.8	3.3%	6.7%	0.76	73.69	95.5%	0.00
1	Temple	3.1	1.6%	(1.1%)	0.48	2.20	53.6%	0.18
0	Texarkana	4.1	4.8%	9.7%	0.55	1.41	63.6%	0.00
1	Texas Southmost	6.8	3.6%	(3.6%)	1.27	4.86	70.6%	0.07
0	Trinity Valley	4.8	6.6%	6.6%	0.31	2.87	78.4%	0.06
3	Tyler	0.6	2.6%	1.6%	0.04	0.06	42.1%	0.64
3	Vernon	0.2	(3.2%)	(3.0%)	0.17	0.56	55.2%	0.41
2	Victoria	3.5	(2.1%)	(8.4%)	0.24	100.00	57.4%	0.00
1	Weatherford	6.1	2.7%	(1.5%)	0.96	4.54	75.7%	0.13
0	Western Texas	5.5	9.0%	15.1%	0.99	1.12	61.4%	0.44
0	Wharton	5.4	2.7%	2.5%	0.49	23.65	82.5%	0.01
0	Statewide	3.8	7.3%	3.5%	0.51	1.51	51.7%	0.21

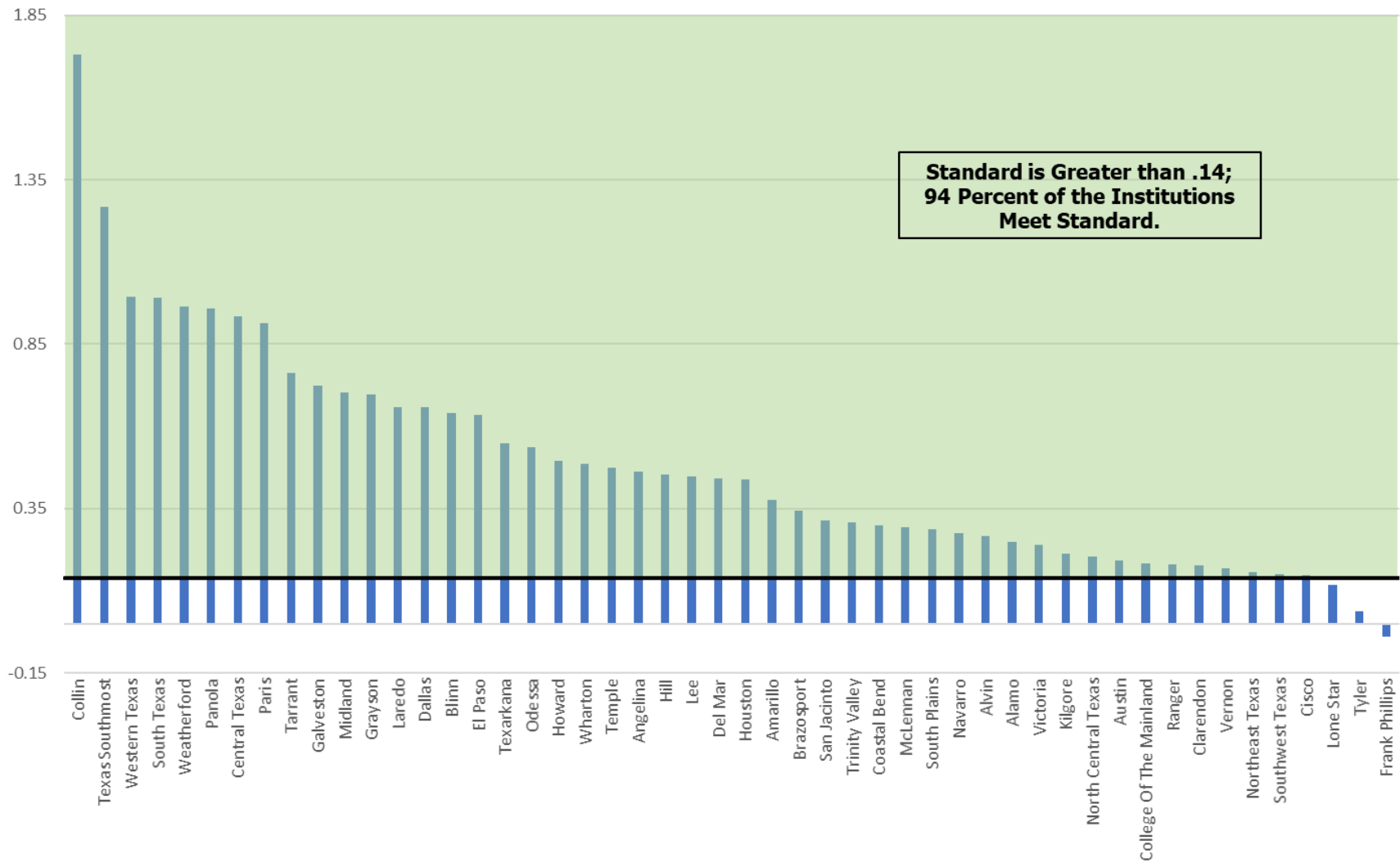
Bold fonts indicate ratios that do not meet the state standard.

- 0 Zero to one financial stress indicators, which indicates no financial stress.
- 2 Two to three financial stress indicators, which indicates little to moderate financial stress.
- 4 Four to seven financial stress indicators, which indicates financial stress.

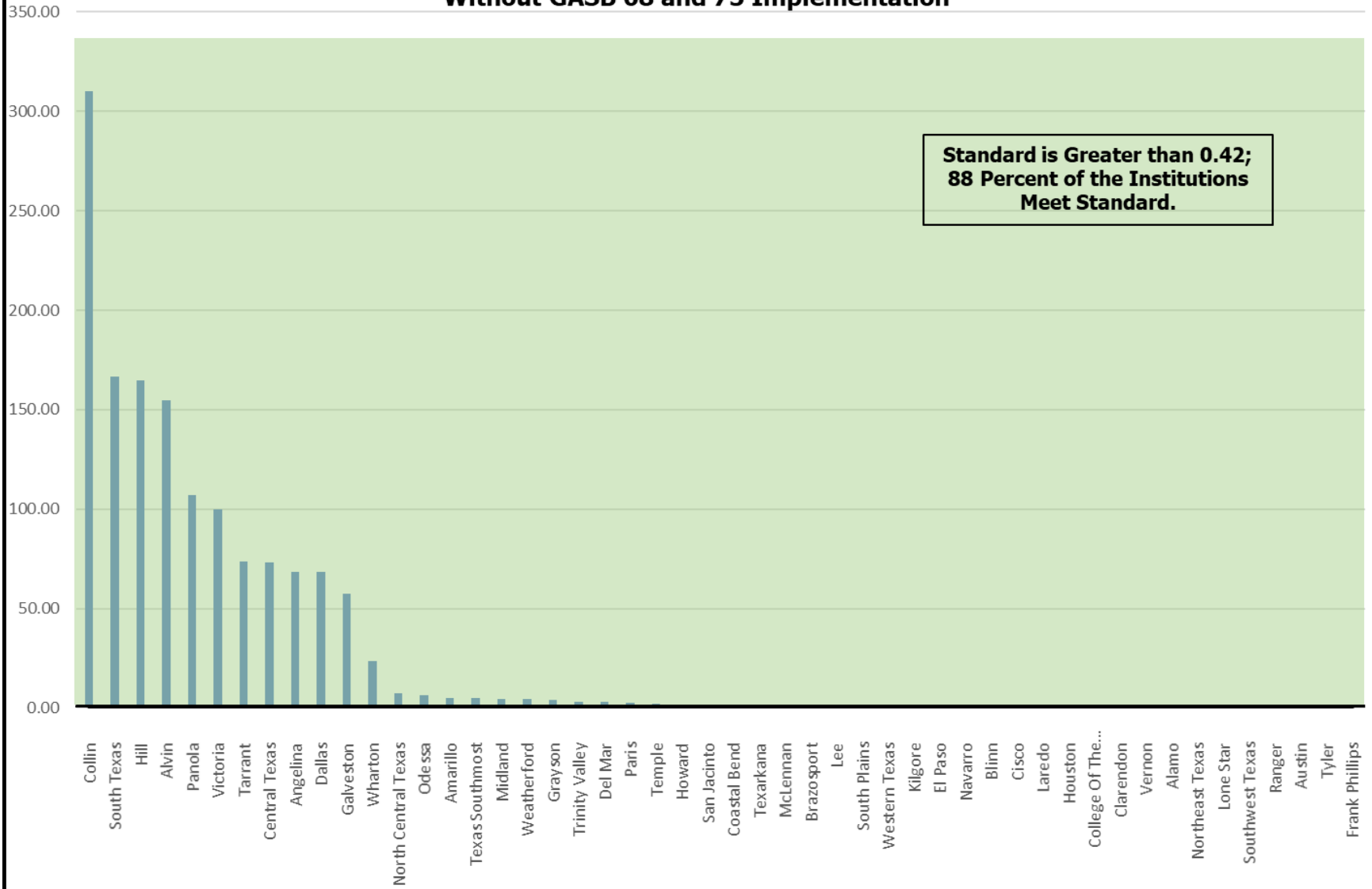
FY 2019 Composite Financial Index Without GASB 68 and 75 Implementation



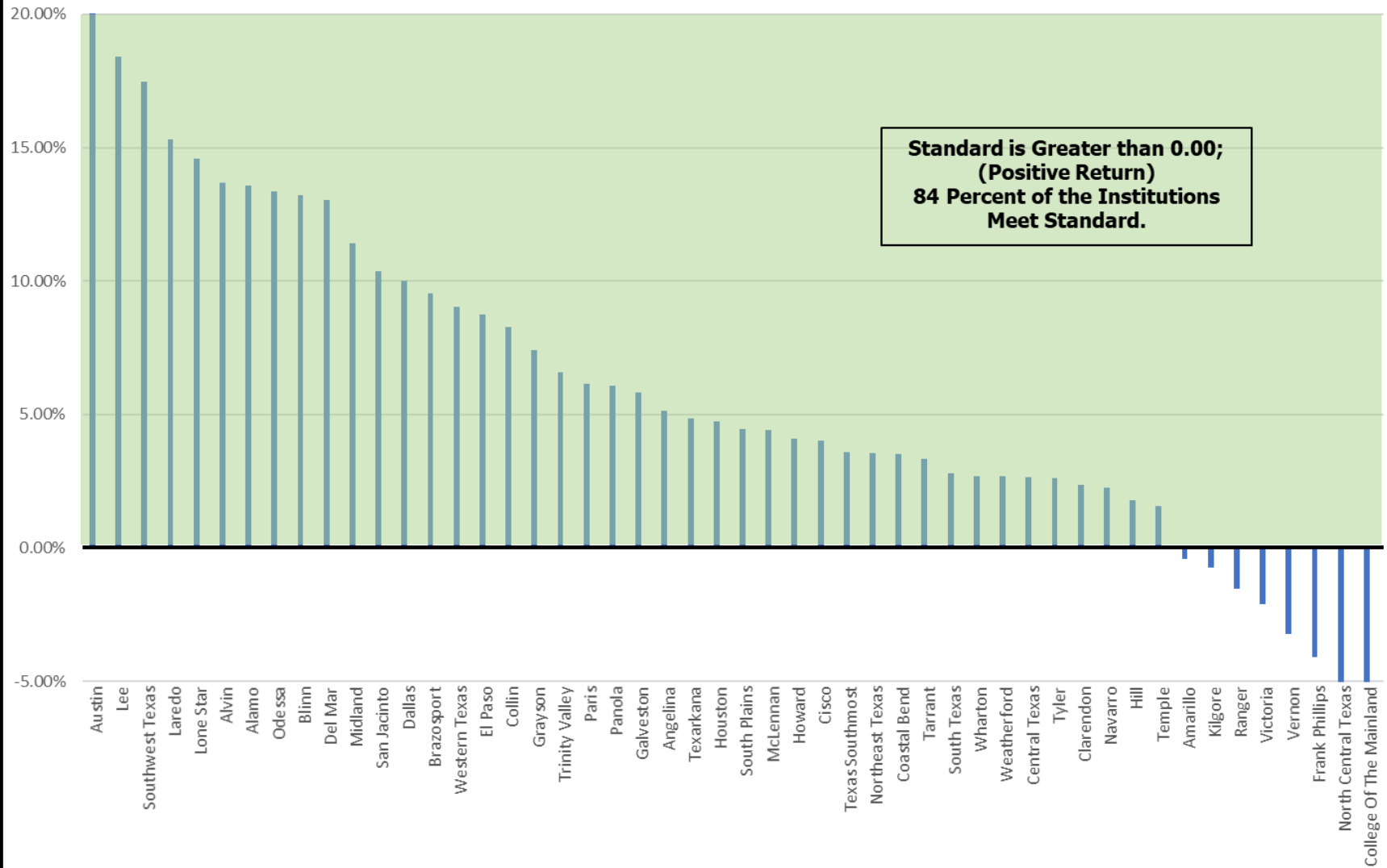
FY 2019 Primary Reserve Without GASB 68 and 75 Implementation

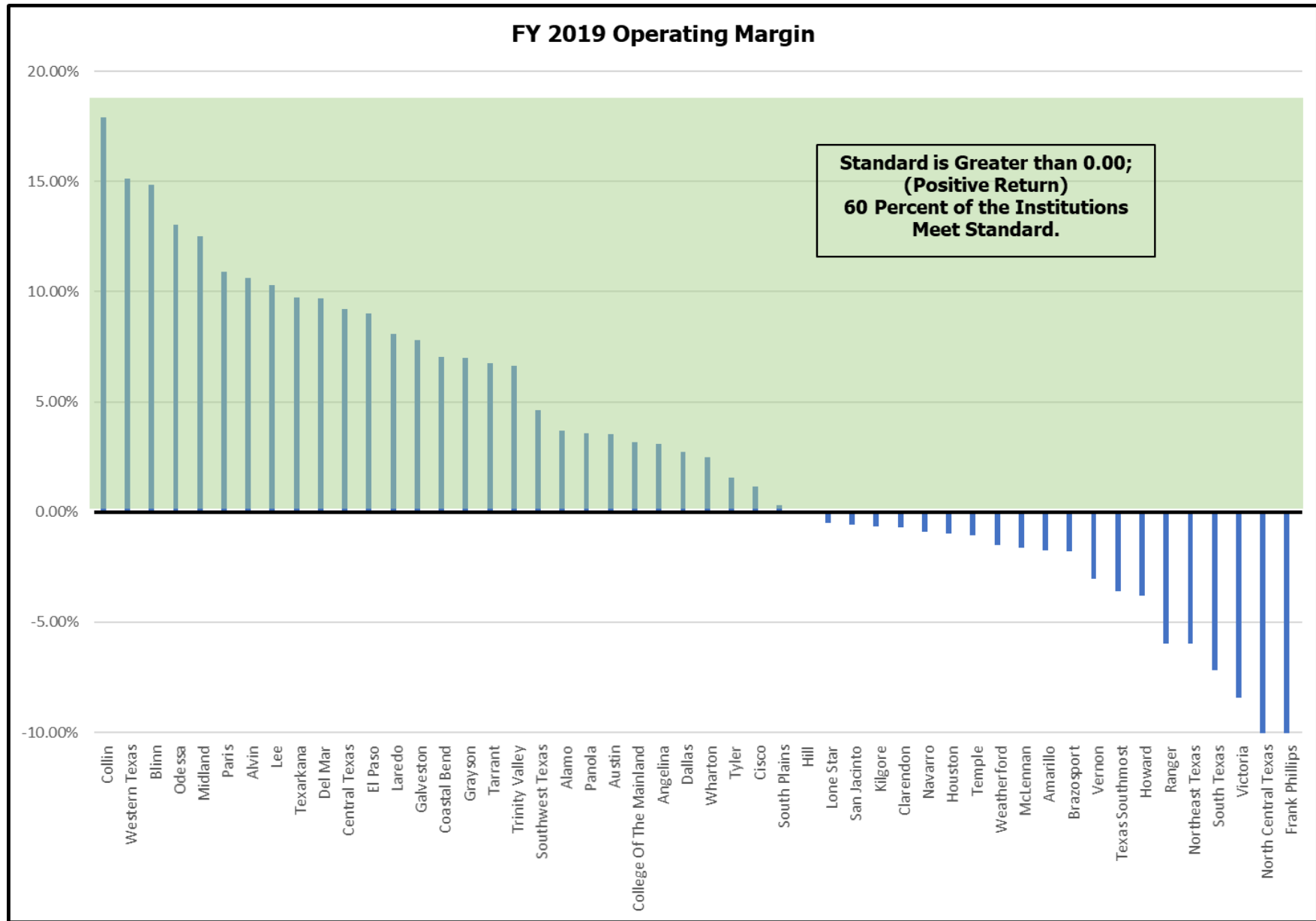


FY 2019 Viability Ratio Without GASB 68 and 75 Implementation

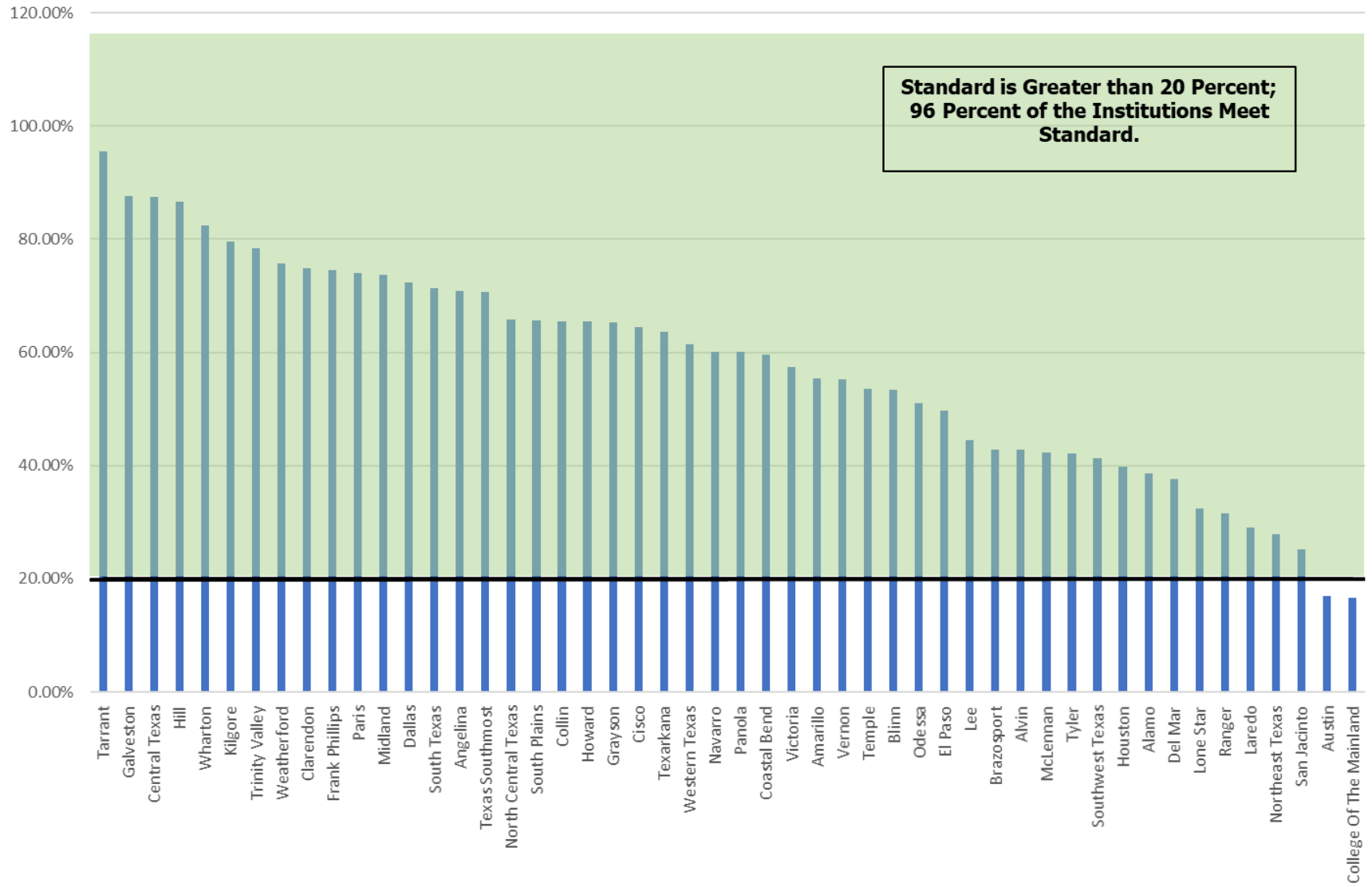


FY 2019 Return on Net Position Without GASB 68 and 75 Implementation

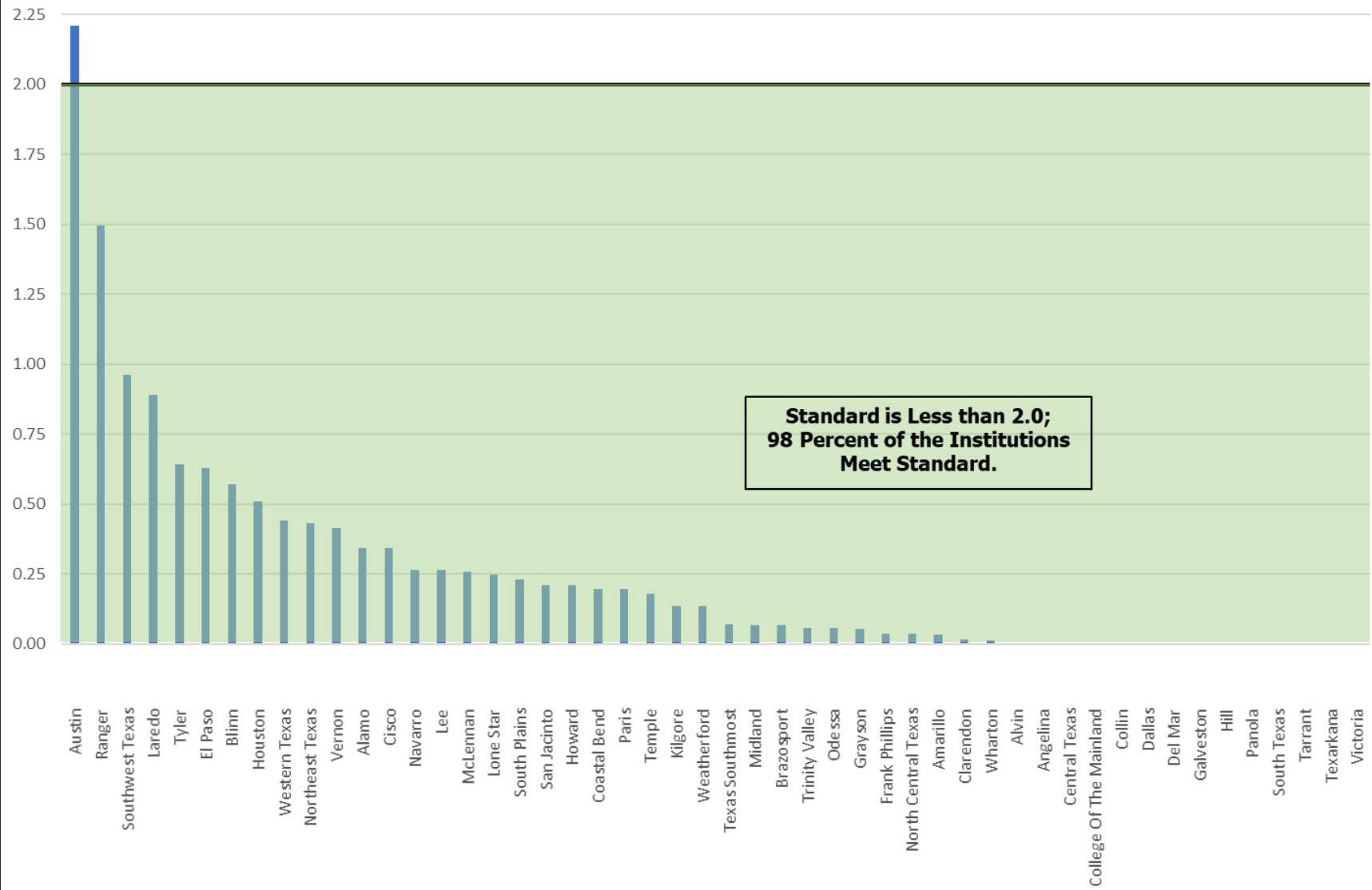




FY 2019 Equity Ratio Without GASB 68 and 75 Implementation



FY 2019 Leverage Ratio Without GASB 68 and 75 Implementation



Appendix B: House Bill 1 Authorizing Financial Condition Report

General Appropriations Act, Senate Bill 1, Article III-217, Section 12, 85th Texas Legislature

"Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year.

The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor's Office about the financial condition of the state's community college districts."

Appendix C: General Comments from Institutions

Nancy Wylie, Chief Financial Officer, Kilgore College

"On March 4, 2019, the Kilgore College Board of Trustees approved filing a petition with the court to substitute the Kilgore College Foundation as trustee over the endowed funds invested with the Texas Presbyterian Foundation. Revenue from these endowments is used for tuition assistance as opposed to operations.

The timing of these transfers will impact two fiscal year-end financial results and create a decrease in the net position of Kilgore College for both fiscal years 2019 and 2020. However, the decrease in net position is not reflective of the long-term viability of Kilgore College nor its ability to meet its financial needs.

One endowed fund valued at \$1,348,741 was transferred during July 2019. The transfer of this endowed fund to the Kilgore College Foundation created a decrease in the Kilgore College net position of \$1,348,741. However, Kilgore College actually recognized a net position increase without the transfer of \$634,527. Therefore, the final change to net position for the year ending August 31, 2019 was (\$714,214).

The remaining endowed funds valued at \$9,169,013 were transferred during September 2019. Therefore, there will be a substantial reduction in net position for the year ending August 31, 2020.

The results presented in the Community College Financial Condition Report for Kilgore College do not accurately represent the viability of Kilgore College. The above information should be considered when reviewing the financial stability of Kilgore College."

Myriam Lopez, Controller, South Texas College

"The negative Operating Margin is due to the increase in operating expenses related to the changes in actuarial assumptions for pension (GASB 68) and changes to the allocation methodology of OPEB (GASB 75), which had a large impact on the net income. For Fiscal Year 2019, the College recorded a total of \$21,742,507 benefit expenses related to GASB 68 (\$2,722,496) and GASB 75 (\$19,020,011). In order to determine the actual operating expenses, expenses related to GASB 68 and GASB 75 should be captured and recorded separately on the Schedule B, Schedule of Operating Expenses by Object."

Valeri Kot, Interim Associate Vice Chancellor Financial Reporting & Operations, Lone Star College

"Operating Margin:

Net of depreciation, Lone Star College would easily have met the Operating Margin target. In addition, the College continues to recover from the physical and financial impact of Hurricane Harvey. Due to timing differences potentially affecting the total income calculation, the College's operating margin ratio may be skewed by the ongoing effects of Harvey.

Primary Reserve Ratio¹:

The question addressed by this ratio speaks to a worst-case scenario. In this case the district would: 1) not fund depreciation (\$25.3M), 2) terminate non contract adjunct and part time staff and end all employee travel (\$43) and 3) stop discretionary spending (\$16M, FF&E). When adjusting for these items the ratio increases to .13. Moreover, the interest expense associated with LSC's debt is included in the denominator of this equation. The debt, however, is supported by a tax levy that would endure legally regardless of operations. When this interest expense is netted out, the ratio increases to .15. (To increase precision, need interest paid on revenue and MTN in 2019 to net them out, which would slightly reduce this value). The College is committed to both new investment in programs and the related infrastructure to support these programs and to recovery rebuilding after Hurricane Harvey. The College's net investment in capital assets, a non-expendable portion of its net position, increased more than the trend over the years prior to Harvey. As FEMA and insurance claims continue to be pursued, the College expects this ratio to reverse.

Viability Ratio:

Noncurrent liabilities may be skewed by the inclusion of unamortized bond premium² related to GO Bonds which are typically excluded from the calculations. Including it adds \$55.2 into the denominator. Exclusion of this portion of the non-current liabilities improves the ratio to .47.."



This document is available on the Texas Higher Education Coordinating Board website:
<http://www.thecb.state.tx.us>

For more information contact:

Gordon Taylor
Director
Strategic Planning and Funding
Texas Higher Education Coordinating Board
P.O. Box 12788
Austin, TX 78711
PHONE (512) 427-6219
FAX (512) 427-6147
gordon.taylor@thecb.state.tx.us