I. Enter to Slide Show of Spring Events, Music Playing

WELCOME

[SLIDE 1: OPENING]
I thought I’d start with this picture from the first day of classes in January – which kind of set the theme for the semester. Welcome as the rain was, I was beginning to think there had been a wrinkle in the universe and we had somehow been transported to Seattle!

It IS great to see everyone here this morning. As the end of the semester closes in on us, it’s a good time to take a breath, see colleagues and reflect on the past year.

Today, we’re going to revisit the Momentum 2020 strategic plan and I will also give you updates on the PwC administrative staffing report, the legislative process and our budget planning for next fiscal year as well as celebrate some of our accomplishments and recognize some of our colleagues.

STRATEGIC PLAN

[SLIDE 2: MOMENTUM 20/20]
A year ago at this meeting, I unveiled our Momentum 2020 strategic plan that was guided by the statement you see on the screen and developed through an extensive process that involved input from throughout campus and the community.

Plans, to be of any use, have to be woven into the fabric of an institution – into the small actions that we all take every day that eventually lead to the results we want. I know that the divisions and departments have been busy over the last year revising their plans to align them with Momentum 2020, and I want to thank all of you who are providing your thoughts and time the process of seeing how your area can contribute to making Momentum 2020 a reality.

[SLIDE: VALUES]
I also want to emphasize the values that underpin the plan and that were derived from the themes that surfaced as the plan was developed. These are at the bedrock of what we do.

- **[CLICK]** Excellence
- **[CLICK]** Integrity
- **[CLICK]** Leadership
- **[CLICK]** Sustainability
- **[CLICK]** Inclusion

A bit later I will share with you some achievements of the past year that are already contributing to achieving our Momentum 2020 goals.
PwC ADMINISTRATIVE STUDY

[SLIDE: PURPOSE]

As you are all probably aware, the System contracted with PricewaterhouseCoopers last year to conduct an administrative staffing study. Many of you responded to surveys or provided information about the administrative structure and work in your area.

The purpose articulated by Chancellor Sharp was to develop recommendations to enhance administrative efficiency, effectiveness and execution and to identify administrative cost savings that could be redirected into teaching, research and service without sacrificing quality. I want to mention that while we may not have used the same methodology as PwC in looking for opportunities, we have always paid attention to ensuring we deploy our limited resources as efficiently and effectively as possible to accomplish our mission. The PwC study focused on administrative costs in the areas of academic support, student services and institutional support and included expenses in each of those areas as defined by the National Association of College and University Business Officers.

[SLIDE: COST COMPARISONS]

The only area in which we exceeded the average cost across system institutions was academic support, which includes expenses incurred to provide support services for the primary missions of teaching, research and public service. These, I believe, are critical to the achievement of our mission and we have intentionally put resources into them, especially to promote the success of our students. These results show that we are allocating our resources wisely. We were third among the System regionals, at 126.8 percent of the average.

For student services costs, we were at 93 percent of the average for System regional institutions, or 7th out of the 10 regional institutions. This includes areas such as the admissions, the registrar, cultural events, student activities, counseling, career guidance, student health service, intramural athletics, etc.

Finally, for institutional support costs – the area traditionally thought of as administrative cost – we were at 66.3 percent of the average, or 9th out of the 10 regional institutions. This includes expenses for central, executive-level activities such as planning, purchasing, space management, data processing, personnel management, fundraising, alumni relations, etc.

The graphic on the screen shows this, but it also shows the comparison to what we would consider peer institutions. Although the numbers are slightly different, the pattern is the same.

Our administrative cost ratio of 8.1 – the second lowest in the state for an institution of our size - bears out the attention we pay to keeping our administrative costs low.

[SLIDE: SAVINGS TARGETS]

The report identified opportunities for administrative cost savings through analysis of vacancies, staffing, span of control and collaboration centers. For the current fiscal year, the study identified $310,000 in cost saving opportunities, which we are accounting for through the hiring freeze.
For next fiscal year, the study identified $870,000 in cost savings to be realized through adjustments to administrative staffing and span of control – another way of saying the number of direct reports supervised by a manager.

A third area the study identified for cost savings is the implementation of collaboration centers. This will be a longer term project to be guided by the System that will begin with a pilot project. As we know more about it, I will be sharing the information with you.

As indicated on the slide, these cost savings are expected to be carried forward into future years.

[SLIDE: EFFICIENCY COMMITTEES]
To develop our plan for implementation, I appointed three groups to focus on potential cost savings. You see on this slide the three groups and the chair for each. Although, we have already lost one chair and will soon lose a second, the work of the groups is already complete and if questions should arise, the committee members who participated are available.

Collectively, these groups have identified slightly more than $870,000 in funding that can be shifted to the core missions of teaching, research and service.

A total of 20 staff positions were identified that could be redirected to core mission. Of these only three will result in elimination of the positions. The individuals affected by this have been notified and we are working to place them in other open positions that are appropriate for their skills and abilities.

Some re-organizations will also occur to reduce the number of small departments. The most notable is creation of a Department of Undergraduate Studies that will merge several small departments and result in creation of a faculty position to chair it.

Also, we have also identified about $32,000 in publication costs that can be reduced by combining publications or putting them online.

[SLIDE: PROCESS EFFICIENCIES]
Finally, various process efficiency reviews are being undertaken that will assist in reducing unnecessary effort and allow staff time to be used as efficiently and effectively as possible. The first of these involves faculty-workload reporting, which has involved many manual as well as duplicative processes. I’m sure the department chairs and the Planning and Institutional Research office are excited about the opportunity to streamline this process. That review kicks off next week.

The other process reviews that will be completed in the next year you see on this slide.

[SLIDE: URL]
The entire PwC report, which is more than 400 pages, is online, at the URL on the slide, if you would like to wade through it. If you do, you may notice that some of the actions recommended by PwC in the report are not in our plan. For various reasons, the recommendations were found
not to be in our best interest and the committees found alternative ways to accomplish the same overall targets. I will be reporting to the Board of Regents on our implementation of the plan later this summer.

SEARCHES

I’d also like to update you on the status for some of our changes in leadership.

As you know, our CFO Kathy Funk-Baxter, who served the university for more than 20 years, recently left us to become CFO at UT-San Antonio, her alma mater. This move allowed her to return to her hometown and to be closer to family. We are conducting a national search for her replacement and Dr. Trent Hill, our vice president for institutional advancement, is chairing the search committee. Terry Tatum, our associate vice president for information technology, is serving as interim CFO.

Also, you have probably heard that Dr. Chris Markwood, our provost, has accepted the presidency of Columbus State University in Georgia. Chris has accomplished a lot in the four years he has been with us and we wish him, Bridget and Reagan well in their next adventure.

Chris – would you please come to the stage so we can show our thanks for your leadership and make a small presentation. [LEAD APPLAUSE].

[SLIDE: CATS – AFTER CHRIS IS ON-STAGE]

Chris – we know how fond you are of our feral cats, since they almost always made it into your top ten lists at these meetings, so as a going away present, we’re going to give you your very own feral cat to take with you to Georgia.

[IRENE BRINGS CAT CAGE/CARRIER FROM OFF-STAGE AND HANDS TO HIM.]

But if we can’t get you to accept that generous offer, we hope you’ll accept this stuffed cat to remind you of your time at A&M-Corpus Christi.

[HAND CHRIS THE STUFFED CAT. PAUSE FOR PHOTO TO BE TAKEN.]

Chris, would you like to say a few words?

[CHRIS SPEAKS BRIEFLY, THEN EXITS STAGE.]

Thank you again Chris for all you have done to help move the university toward achieving its goals. [LEAD APPLAUSE]

As has been announced, Dr. Kelly Quintanilla will serve as the interim provost starting May 18. Rather than have two major searches underway at once, Kelly will serve as interim until after the CFO search is complete. A decision will be made at that time on how to proceed with the provost search.
I want to say how lucky we are to have talented people like Terry and Kelly who can help us keep our momentum going. And filling in for them in their roles will be Mark Hartlaub as interim dean and Ed Evans as interim CIO. Let’s thank them for being willing to step up! [LEAD APPLAUSE]

LEGISLATIVE UPDATE

Turning now to legislative matters, the Legislature will wrap up its regular session on June 1. Until then, we won’t be sure of the outcome, but I wanted to give you as much information as I can about where things stand.

First, there are quite a few pieces of legislation affecting higher education in one way or another. Many have not moved out of committee, but a few have. A few of the ones that seem to have legs include:

[SLIDE: LEGISLATION]

Campus Carry

[CLICK]
- SB 11 was passed by the Senate in March and sent to the House. It allows for carrying of concealed handguns on campus by a licensed holder. It does allow for institutions to establish rules concerning storage in residential facilities. It also allows an exception for the premises of a pre-school, elementary or secondary school located on the campus and for premises where a collegiate sporting event is taking place.
- HB 937 was passed in committee on April 15 and sent to Calendars. It’s very similar to SB 11.
- At one point, it looked as if this legislation might stall, but recently it seems to be moving again and we will continue to monitor it.

Performance-based Tuition

[CLICK]
- SB 778, which puts restrictions on tuition increases, was passed last week by the Senate and referred to the House Higher Education Committee. So far, it has not been scheduled for hearing there.
- Specifically, it would allow institutions to increase tuition, with board approval, up to the rate of inflation each year.
- For academic years 2016 and 2017, it would allow tuition to increase no more than the rate of inflation plus one percent – again with board approval.
- Beginning in academic year 2018, it would allow tuition to increase no more than inflation plus three percent only when six of 11 performance measures are met and with board approval.
- The performance measures will be developed through a negotiated rule-making process that the Coordinating Board will be responsible for conducting.
The performance measures, no doubt, will include retention and graduation rates, so it will be more important than ever that we improve these outcomes – for the sake of our students and for our fiscal health.

**Tuition & Fee Exemptions for Veterans and Dependents**

- SB 1735 by Senator Birdwell attempts to rein in tuition waivers, especially those given to dependents of veterans. The Legislature has realized that the current model – which last year meant we had to forego $3.8 million in tuition – is unsustainable because the state cannot afford to make up the lost revenue and for the institutions to do it would mean raising tuition for other students.
- We are hopeful it is going to pass.

**AP Credit**

- HB 1992 requires institutions to accept a score of 3 on an Advanced Placement exam for credit unless the chief academic officer determines based on evidence that a higher score is necessary to indicate that a student sufficiently prepared to be successful in a related, more advanced course. Should this pass, we will review whether there are any courses for which we would want to make a case for a higher score. It was passed by the House and been referred to committee in the Senate.

**Transfer**

- HB 298 has several provisions related to transfer of credit from lower division institutions and articulation agreements. For example, it requires institutions to publish on their websites detailed descriptions of the learning objectives, content and prior knowledge requirements for at least 12 courses for which credit is frequently transferred.
- It also requires us to establish articulation agreements with community colleges from which we receive at least five percent of their transfer students for five degree plans for which credit is frequently transferred.
- There are also other provisions regarding course-specific core curriculums for broad academic disciplines.
- This bill was passed by the House and was received Monday by the Senate.

**Textbook Affordability Pilot**

- SB 915 establishes a pilot program for the use of electronic or open-source textbooks, open educational resources, public domain material, or other free or low-cost textbook alternatives. To be selected for the pilot, institutions must enrollment 18,000 students and have a bookstore. The selected institution will designate an academic department to implement the pilot program and a report would be due by December 1, 2018. The original bill designated that the pilot would take place at Texas A&M-College Station.
- It was passed by the Senate and is scheduled for committee hearing today in the House.

**Funding Requests**
Taking a look now at our funding requests and the overall budget picture, here is what we know at this point.

[SLIDE: CAPITAL FUNDING]
For capital funding, we originally had three requests, but the System only allowed us to put two in our appropriation request, so we had to cut our third priority, which was for expansion of the library. You see here the two requests that went forward -- $120 million for a life sciences research and engineering building and $50 million for an arts and media building. With few exceptions, the legislature put only one project in the budget bills and our first priority was for the life sciences research and engineering building. At this time, only $60 million – or half of what we requested – is in both SB 150 and HB 100.

[SLIDE: LEGISLATIVE PRIORITIES]
Looking at our other requests, the first was to maintain operational funding.

[CLICK] The good news is that we did not get cut, as happened two sessions ago. However, we are not likely to see large increases in our operational funding. At this time, both the House and the Senate have about $2 million in additional operational funding for us annually in their respective bills, which are currently being reconciled by a conference committee. Despite growth in first-time students, our increase was limited because we did not grow in upper division and graduate students, both of which bring more funding.

[CLICK] We also have three exceptional item requests. The largest for the Lone Star Unmanned Aircraft System Center is still in Article XI, also known as the “wish list,” but it is being supported by the delegation. Senator Hinojosa is on the conference committee that is making decisions about what will be in the final bill that comes out for voting and we also have other allies on the conference committee, so we are hopeful.

[CLICK] Our second exceptional item request for additional funding for engineering is in the budget bill already, thanks to Senator Hinojosa, at $2 million. While it is less than our total request, we are grateful that he was able to get it in the bill.

[CLICK] Our third exceptional item request is for an increase of $400,000 for the Business Innovation Center. This is also still in the Article XI wish list.

Other aspects of the budget include HEF funding and research funding.

For HEF, which gives us funding for capital items and maintenance, the Senate bill contained a substantial increase of almost $4 million annually. However, the substitute bill passed by the House last Friday gives us only $285,000 more. So, we’re continuing to monitor that situation to see how it turns out.
So, we have some potential for increased funding for specific items and the possibility of an additional $2 million annually for operational funding. While that may sound like a lot, to put it in perspective, a 1% merit pool requires about $560,000.

**BUDGET**

So, with that background, we are moving forward with developing the FY 2016 budget. In fact, budget requests from the vice presidents are scheduled to be reviewed by President’s Cabinet on May 18 and I will approve preliminary decisions by early June. However, the Board of Regents will not approve our budgets until August, so there is the possibility that revisions will occur.

The assumptions we are using to guide our budget planning at this time are:

1) the guaranteed tuition and fee plan is generating little new revenue;
2) a relatively small increase in enrollment, especially in upper division and graduate courses
3) minimal increase in state appropriation for operational funding

That said, my highest priority is to have a merit pool of some kind. For people on fee-supported accounts, this may be difficult because of the impact of legislatively mandated tuition waivers, especially in the Hazlewood Legacy Program, which allows dependents of veterans to use their benefits. As more information about the budget becomes available, we will be posting it at the same budgetfaq URL I showed you earlier.

[SLIDE: SUPER MAN]
Last year I said I was looking for tights and a cape – and the superpowers that come with them! I know we all feel sometimes like we could use a few super powers to accomplish everything – our own expectations plus those placed on us from outside.

But, I also said, that despite some of the challenges we encounter, Texas A&M-Corpus Christi is an exciting place to be with a great future ahead of us. And I believe that more than ever.

During the past year, some of our accomplishments tied to our Momentum 2020 goals include:

[SLIDE: ACCOMPLISHMENTS]
- Continued increases in enrollment, including of highly qualified students
- Final approval of Ph.D. in geospatial computing
- Final approval of bachelor’s degree in electrical engineering
- Final approval of the Doctor of Nursing practice degree
- Approval by the Board of Regents of a bachelor’s in atmospheric science
- The Harte Research Institute being named to lead the federal RESTORE Act Center of Excellence with potential for $10 to $30 million in funding from BP oil spill fines to be distributed through HRI for research and monitoring in the Gulf of Mexico.
- Continued progress for the Lone Star Unmanned Aircraft System Center in attracting clients and fulfilling the requirements of the Federal Aviation Administration
Implementation of increased band-width for high-performing computing capacity to support data needs of researchers

Expanding wireless network capacity in high-need areas

Success of the Business Innovation Center in graduating clients and launching businesses that contribute to economic development of the area.

Largest participation ever by students in the Big Event – as well as many other examples of engagement in the community in academic programs and by staff.

Launching of the Inclusive Islander training program and network

Continuing to be efficient as we accomplish all these goals and

Implementation of our online recognition program --- which gives all of us the opportunity to recognize our colleagues who go above and beyond in achieving our goals

I’m sure there were many other accomplishments worthy of mention, but these are just a few that we have time to highlight that are directly aligned with our Momentum 20/20 goals. All were accomplished thanks to each and every one of you who come to work every day focused and with your “A” game. It is my honor to thank you for what you do every day.

RETIREES

At this time, I’d like to recognize some individuals who have given many years to the university and have decided it’s time to move to the next chapter in their lives and retire – at least from full-time employment. You see here those who have retired this spring or will be retiring by the end of May.

We want to honor their service, wish them well and also say that we hope to see them back at the annual retiree reception and luncheon, at Islander games and hope that they stay in touch and involved with us. Let’s please ask any of those retiring who are present to please stand and give them a round of applause. [LEAD APPLAUSE]

EMERITUS

It is also our honor to recognize today two faculty members who were recently granted emeritus status by the Board of Regents. Emeritus status is conferred on faculty or staff members who have made significant contributions to the System through long and distinguished service in administration, teaching, research and/or service.

Will Dr. Bill Huie and Dr. Wes Tunnell please come forward? While they are making their way to the stage, I also want to acknowledge Dr. Bob Bezdek and Dr. David McKee, who also received emeritus status, but were not able to be with us today.
Bill, please come and accept this framed certificate from the Texas A&M University System Board of Regents. Bill Huie served Texas A&M-Corpus Christi for 37 years and has been named Professor Emeritus of Communication and TV-Film.

[GIVE FRAMED CERTIFICATE TO BILL, PAUSE FOR PHOTOS. BILL DEPARTS STAGE.]

Wes, would you please join me? Wes, although retired, is still serving the university after more than 40 years on a part-time basis. Wes was named Professor Emeritus of Biology.

[GIVE FRAMED CERTIFICATE TO WES, PAUSE FOR PHOTOS. WES DEPARTS STAGE.]

Let’s give these outstanding gentlemen and scholars another round of applause.

[SLIDE: ENJOY SUMMER]
That concludes today’s meeting. Have a great summer!

[MUSIC TO EXIT]