

MINUTES

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT GOVERNING BOARD SPECIAL BUDGET WORK SESSION

Tuesday, April 12, 2016
Sierra Vista Campus
5:00 p.m.

1. GENERAL FUNCTIONS

1.01 Call to Order

Mr. Nelson called the meeting to order at 5:02 p.m.

Board Members Present:

Mr. Dennis Nelson
Mr. David DiPeso
Mrs. Jane Strain
Mr. Danny Ortega
Mr. Tim Quinn

2. NEW BUSINESS

2.01 Presentation and Discussion of the FY17 Budget

Dr. Rottweiler welcomed the Board and thanked them for coming in for the special work session. He stated he had sent the materials to each Board member, and he would walk through the material (via PowerPoint presentation) fairly quickly. He reminded them of the college's mission, "Cochise College provides accessible educational opportunities that are responsive to a diverse population and lead to constructive citizenship, meaningful careers, and lifelong learning", and added that we follow that mission very closely. This mission drives everything we try to do.

We also try to base everything off our strategic priorities that come out of our Strategic Think Tank, which are:

1. Competitive Advantages
2. Excellence
3. "Everything Speaks"
4. Completion/Student Success
5. Institutional Effectiveness

Institutional effectiveness was a major initiative, which started at the ground level up. There were some things in last year's budget around Banner improvements, bringing in consultants to look at better utilization of our Banner equipment. There are also some things in this year's budget based around institutional effectiveness in that we're trying to locate things in common locations so we can increase some of our efficiencies.

This year, out of the Strategic Think Tank, and under the leadership of Dr. Verlyn Fick, there has been a lot of talk about Completion and Student Success, specifically in three areas:

- First-year Experience
- College Preparation
- Professional Development

Dr. Rottweiler then spoke about the “The 3-Legged Stool (The Big 3) of funding for the community colleges:

1. State Aid

- Funding Formula established in Arizona Statute
 - Operation & Maintenance (M & O or FTSE)
 - Equalization (offsets low assessed valuation)
 - Cochise, Graham, Navajo
 - Capital Outlay

2. Property Taxes

- Primary Tax Levy to Support Cochise College (1962)
- Constitutionally controlled (Prop 101)
 - Limited to 2% annual growth + New Construction

Mr. Quinn requested clarification on the 2%; Dr. Rottweiler stated we can do 2% plus new construction. In those years we don't, the capacity stays with us. If we choose to do 1%, in theory, the next year we could go 3%, although it's probably not exactly that number because it's based more upon the maximum amount we can generate.

3. Tuition and Fees

- Set by Governing Board (which the Board has already taken action on)

Dr. Rottweiler then reviewed the Revenue. This slide showed what the State Aid and Capital Outlay/STEM has done over the last seven fiscal years. We are down in State Aid about \$5.8M from where we were seven years ago (yearly operating dollars). He pointed out that during those years we were losing \$1.7M, \$2.2M, \$1M, - fairly large amounts. To offset some of that, the Board does have access to property taxes. The next slide illustrated what those amounts have been, based upon the Board's ability. We were losing money in the millions, and we've been able to replace it in the hundreds of thousands.

Mr. Quinn inquired which years we have increased property tax by 2%. Dr. Rottweiler stated that we have increased property tax 2% since 2007 (since he has been here) and even prior to that. Cochise College qualifies for equalization, and the pressure that has historically come out of the governor's office is, if you expect us to make up for your shortage in property taxes, then you'd better be taxing your people to the max. If you look at the comparisons, the three schools that are equalization eligible have the highest tax rates. They are saying if we want them to make up the difference, we need to take from our citizens accordingly. Mr. Quinn then inquired if we have increased tuition and fees every year. Dr. Rottweiler stated that since 2007, we have increased tuition every year by roughly \$2 (30 credits = \$60). Mr. Quinn requested clarification that every year we have historically gone in and asked for not only a tax increase, but a student fee increase and an increase in tuition. Dr. Rottweiler stated that is correct.

Dr. Rottweiler then walked the Board through the Truth in Taxation – Notice of Tax Increase that will appear in the newspaper, should the Board approve it. The Board will raise \$407,579 off of the 2% tax increase. This means the total taxes on a home worth \$100,000 will increase from \$224.12 to \$228.60 (a difference of \$4.48). The other \$361,656 is the accessing of the new construction. For our students, their average cost is going to increase \$60, which triples what we ask of our property tax payers. This increase does not include student fees.

Dr. Rottweiler then reviewed Enrollment and Lost Revenue:

- Maintenance and Operations (FTSE)
 - FY '16 (-\$137,000) lost 545 FTSE
 - FY '17 (-\$536,700) lost 882 FTSE
- Capital Outlay/STEM
 - FY '16 (- \$86,700) lost 545 FTSE
 - FY '17 (-\$141,800) lost 882 FTSE

He then reviewed the trend dating from 2008 through 2015. He also reviewed the FY '15 Cost per FTSE for Cochise, Coconino, Yuma, Mohave, Graham, Navajo, Pinal and Yavapai community colleges, comparing costs for FTSE.

Dr. Rottweiler stated that, based upon the general knowledge of where we're at, we went into a budget process, and using our budget principles, we want to be student centered, employee friendly, and future focused. Mr. Quinn inquired if we would ever consider in the future, something related to taxpayer conscious, taxpayer accountable, taxpayer value, or something that reflects that we understand that we are using other people's money, and that we will do it in a prudent, efficient, and effective manner? He clarified that he's not asking it for this one, but what this doesn't reflect is that we acknowledge we're taking the taxpayers' money and we're going to put it towards something that may only affect them in second and third order – higher employment rate, higher engagement rate, etc. Would we ever consider that in the future? Dr. Rottweiler stated that if the Board directed this, we would do it – he would see it instantly. Without Board direction, he will probably not get that from him.

The next area Dr. Rottweiler reviewed was savings and reduction. He stated we have been working hard over the last couple of years to do our budgeting based upon actuals. Our largest cost savings was in Board contingencies; the savings is going toward the new debt service. Savings included:

- Budgeted based on Actuals – 2 years
 - Board Contingencies (\$600,000)
 - Operational Contingencies (\$250,000)
 - Human Resources (by not hiring)
 - Avionics Instructor (\$ 78,000)
 - Office Assistant (\$ 43,500)
 - Purchasing Dept. Reorg. (\$ 58,700)

In the area of strategic initiatives, Dr. Rottweiler reviewed Human Resources and employee compensation, as follows:

- Human Resources
 - Employee Compensation
 - 2.0% increase for all Regular Employees (hired before 2/1)

- Employee Benefits (part of Cochise Combined Trust)
 - Health Insurance
 - Cover the increase for Employee Only coverage
 - Dependent Coverage to increase (Employee Paid)
 - Arizona State Retirement System (ASRS)
 - Increasing from 11.47% to 11.48% (dictated by the state)

There was brief discussion around health insurance; Dr. Rottweiler stated that, if the Board would like in-depth information on benefits, coverage limits, etc., he could arrange for Mr. Collins (ECA/CCT) to provide a presentation at a future Board meeting.

Dr. Rottweiler stated that positions were added; all requested new positions are tied to the student success/college preparation initiative. They are as follows:

- Human Resources – Positions
 - Student Success/College Preparation Initiative
 - Reading Instructor
 - Student Success Instructor
 - English Tutor/Instructor
 - Developmental Math Redesign
 - Part-time Testing Specialist (Designated Funds)
 - 2 PT Art Studio Coordinators expansion (Fees)

There was discussion around the duties/responsibilities/activities of the student success instructor.

Dr. Rottweiler stated that the big game-changer for Cochise College, moving forward, comes on-line August 2016, which is the Downtown Center (DTC). He provided a diagram of the DTC and reviewed some new plans for space utilization. Additional strategic initiatives include:

- Cochise College Downtown Center (DTC)
 - Debt Service for \$8M Revenue Bond (2.83%)
 - Refinance existing \$17.4M debt (2.46%)
 - Anticipated savings of \$1.1M over 12 years
- Facilities Domino Effect: (Phase II – should the Board approve)
 - Business Office, Human Resources, and District Board Room to Building 300
 - Expand Student Development Center on 2nd floor of Student Union
 - Marketing and Creative Services, K-12 Outreach, and Foundation to other appropriate locations
 - Potential Removal of P-3 and P-4 buildings
 - Domino Opportunities Douglas Campus (Phase III – should the Board approve)

Dr. Rottweiler expounded on the domino effect, outlining possible movement of offices, buildings, etc., once the DTC is completed and occupied.

Other costs coming out of this budget as part of the strategic initiatives include:

- Fully funded the Downtown Center
- Domino Effect/Building 300 and 700 Repurpose
- Cyber Security Lab

- Welding Equipment
- Pit Fire Stage – Phase II
- Benson and Willcox Center Parking Lots
- HVAC Basic Refrigeration Trainer
- Analytic Balance (Science)
- Deferred Maintenance Fund
 - \$225,000 on-going
 - \$41,000 one-time
- 3 Fleet Vehicles
- Box Truck with Lift
- 4 Additional Cochise Connect classrooms
- Technology upgrade – Conference Rooms, Student Union (DC), Community Room (SV)
- Leadership Academy
- Innovation Fund

In summary, Dr. Rottweiler stated the FY '2017 budget is based on the college mission and strategic priorities, and it follows budget principles. It's a conservative projection, based upon resources the Board can access, as well as the state; expenditures are also done that way. It addresses of strategic priorities, employee compensation, and deferred maintenance, and it provides for contingencies, growth, and opportunities. Most importantly, the budget is balanced - we are not expending more expenses than we have revenue for.

2.02 Monitoring/Informational Reports to the Governing Board

Mr. Nelson stated that Mr. Quinn had sent an email to both he and Dr. Rottweiler regarding his concerns about reports from the college presented at Governing Board meetings. While he believes the reports are important, his concern is that, by the time we arrive at some of the issues, we are pressed for time. His request was to strike a balance between the amount of time dedicated for reports from the college vs the amount of time in which we have to tackle the tough issues. Dr. Rottweiler stated this is not a senior administration decision – the Board dictates what they would like to see and how long they would like to see it. These are part of the requests the Board has had on monitoring reports from each of the vice presidents in their key areas. We've also provided monitoring reports from each of the deans on their areas so the Board is kept up-to-date. Mr. Quinn stated he wasn't referring to monitoring reports; he was referring to reports on programs just to educate the Board about them. If the report is associated with information they need to know, such as budget execution, that's fine. He just hates to keep people late. He is asking that, for future consideration, we set a time on presentations. Dr. Rottweiler stated he will do whatever the Board would like to do. He added that the Board had requested he bring in one person from each area to provide a report. It just so happened that the person from Mr. Richardson's area presented on welding. It is entirely up to the Board which presentations they would like to hear, and how long they would like the meetings to last. Mr. Nelson stated he finds these informational reports very informational; these are programs that the public are faced with on a day-to-day basis, and he's found them very helpful. He doesn't find that the meetings have gone exceptionally long; as a matter of fact, he doesn't recall too many meetings lasting longer than 8 o'clock. However, he suggested that, if the meetings start lasting until 9 o'clock, then we should revisit this issue.

5. ADJOURNMENT

Mr. Nelson adjourned the meeting at 6:14 p.m.

Respectfully Submitted:

Loretta Mountjoy, Executive Assistant to the President

Mr. David DiPeso, Secretary of the Governing Board