

## MINUTES

### COCHISE COUNTY COMMUNITY COLLEGE DISTRICT GOVERNING BOARD SPECIAL BUDGET WORK SESSION

Tuesday, April 10, 2018  
Sierra Vista Campus  
5:00 p.m.

#### 1. GENERAL FUNCTIONS

##### 1.01 Call to Order

Mr. Ortega called the meeting to order at 5:01 p.m.

##### **Board Members Present:**

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

#### 2. NEW BUSINESS

##### 2.01 Presentation and Discussion of the FY19 Budget

Dr. Rottweiler provided Board members with handouts consisting of the PowerPoint presentation, FY 2018/19 Budget & Expenditure Summary, and the FY19 Preliminary Budget Review – Including Additional Funding Requests document. Dr. Rottweiler informed the Board the presentation he would be sharing was presented to employees during Employee Open Forums held on both the Douglas and Sierra Vista Campuses, noting the forums are also recorded.

Dr. Rottweiler stated the FY19 budget discussion for the work session will only include the differences from last year's budget and this year's budget. He also noted the college and college budget are all mission driven. Budget development decisions were directly out of the college's mission, providing educational opportunities that lead to three key things; constructive citizenship, meaningful careers, and lifelong learning.

The budget process also followed strategic priorities:

- Competitive Advantages
- Excellence
- "Everything Speaks"
- Student Success/Completion
  - Change the Numbers"
    - Intrusive Recruiting/Scholarship Guarantee
  - Degree/Certificate Completion
    - Intrusive Advising
- Institutional Effectiveness
  - Instructional Reorganizations

- IT Audit, Banner 9 transition
- Technology Plan

Dr. Rottweiler noted the preliminary budget would also include three Board initiatives following discussions held at the February budget retreat.

Budget principles in the development process include:

- Student Centered – access, success, and completion
- Data Driven – use of key performance indicators
- Employee Friendly – retention, recruitment, and personnel development
- Technologically Enhanced – impactful, efficient, protected, and secure
- Future Focused – enrollment planning, program development, recruitment, and educational services

Budget drivers in the development process include:

- Employee Compensation and Benefits
  - Retention, Recruitment, and Development
  - Prop 206 – still continues to be a driver in the budgeting process
- Information Technologies Overhaul
- Strategic Initiatives
  - Student Access/Recruitment, Success/Completion and Program Enhancements
- Effective and Efficient Organization – Doing the right things and doing the right things right

Prop 206:

- Minimum Wage by January 1, 2020 needs to be \$12.00 per hour
  - 24% increase in 2017 to meet min. wage requirement
  - 5% increase in 2018 to meet min. wage requirement
  - 4.77% increase will be needed in 2019 to meet min. wage requirement
  - 9% increase will be needed in 2020 to meet min. wage requirement
- Sick leave now required for all employees full time and part-time

Employee Compensation Plan - \$984,900

- Benefited Administrative, Admin Support, Classified, and Professional Staff
  - Increase structures by 3.75% bring to a competitive salary structure by bringing the lowest hourly starting wage to \$11.33, meeting the 2019 min. wage requirement
  - All staff receiving 3.75% base increase will bring the college more into regional, state and national comparators
- Faculty, Adult Ed Instructors, and Coaches
  - Modify structures bringing base up to 55% spread (vs 65% current spread) – which will bring the Masters zero will be brought into a competitive salary – moving the masters, minimum to starting wage of \$45,514
  - All faculty/staff receiving 3.75% base increase
- Associate Faculty
  - Increase base rate from \$700 to \$725 per equated unit (3.6%)

Employee Benefits - \$110,000

- Health/Dental/Vision Insurance
  - Provide \$600/month for medical/dental coverage toward plan of employees choice
    - EPO - \$615.28 rate per month at a cost of \$15.28 per month to the employee
    - EPO Buy Up - \$638.96 at a cost of \$38.96 per month to the employee
    - Health Deductible Health Plan (HDHP) - \$569.96 recommending the \$30.04 difference would be applied to a health savings account
    - HDHP Buy Up - \$642.06 at a cost of \$42.06 per month to the employee
  - Provide \$250 (\$125 in September and \$125 in February) towards health savings account for eligible employees who choose the HDHP and put a minimum of \$10 per pay period into their health savings account.
- Arizona State Retirement System (ASRS)
  - Retirement rate increase from 11.34% to 11.64% - increase of .3% for both college and employees to pay that amount; the cost to the college will be \$70,000

Strategic Initiatives – Staffing - \$723,587 parred down from \$4M worth of requests

- Navigators
  - College/Career – work with high schools, be in the high schools at least one day a week, and help students matriculate to post-secondary
  - Scholarship – work with financial aid helping students find funds available to them
  - Military Success – help military students complete their college degrees
- Faculty Support Center – 21<sup>st</sup> century classroom initiative
  - Curriculum Development
  - Faculty Development
  - Learning Management System Administration
- Instructor Cybersecurity – significant growth in the program
- Instructor Early Childhood Education
- Respiratory Therapy Associate Faculty – now offering in Navajo and Graham County
- Student Success Initiative - \$115,000 to be used as needed for advising and/or tutoring
- Business Office
  - Accounting Specialist
  - Accounts Payable Technician
- Reorganizations, Reclassifications, and Adjustments – increase efficiencies and effectiveness

Strategic Initiatives – On going - \$988,425

- New Academic Programming (Innovation Fund) - potential new programs to include police academy, lineman program, and programs to prepare students for the new economy
- Technology Plan - computer and server replacements, bandwidth expansion, etc.
- Automotive Facility Rental - lease agreement increase
- Student Recruitment Software
- Athletics Scholarships/Meal Plan Increase

- Library Licensing Increases
- Residential Construction Trades - new program supplies

Strategic Initiatives – One-time - \$694,000

- Facilities Master Planning – Last plan was completed in 2006; Board requested an update to include the Auto Complex and Downtown Center
- Transportation Center Planning – Phase One
- Market Research
- Student Recruitment Software Implementation
- Banner 9 Migration Support
- Sierra Vista Campus/Airport Surveillance System
- Ag Program – Greenhouse or Land Lab

The total for employee compensation and benefits and all strategic initiatives is \$3.5M in addition to what the college has. The college now needs to look at possible available resources and revenues, which include:

Savings and Reallocations - \$2.1M

- Reorganized/Vacant/Reduced Positions
- Nogales Teach Out Sunsets in December 2018
- Prior year “one-time” reallocation this year
- End of CampusWorks Contract

Potential New Revenue - The 3-legged Stool

- State Aid – \$558,100 anticipated allocations coming from the state and is based on the Governor’s approval of the proposed budget
- Property Taxes – Board statutorily has the authority to request an increase of up to 2% in property taxes; established formula through the County Treasurer, the college would have access to additional \$630,197; both an increase in new construction as well as the 2%
- Tuition and Fees – Board approved a \$3 increase for in-state tuition during its March Board meeting for a potential revenue of \$210,000; Cochise is the third most affordable community college in the state.

Administration’s proposed budget is requesting the Board approve a property tax increase. Dr. Rottweiler shared a copy of the Truth in Taxation Hearing Notice of Tax Increase that would be published over the coming weeks. The notice notes the proposed increase would increase property taxes to \$240.23 per \$100,000 of assessed valuation. If the Board chose to do nothing, it would stay at \$235.52. The difference if the Board approves to increase property taxes would be about \$4.71 per \$100,000 of assessed valuation.

The proposed budget summary:

- Potential Resources for Allocation - \$3,500,957
- Proposed Expenditures - \$3,500,912
- Differential between what the college currently has and what the college needs to do in order to move the college forward - \$45

Administration proposed projects to be funded from the college's Fund Balance (savings) account:

- Art/Fab Building Remodel/Expansion on the Douglas Campus - \$500,000 to expand the old CTE building to move all art and ceramics into the building
- Cochise County Scholarship Guarantee - \$200,000; just a holding place; the College has asked the Foundation to fund the scholarship guarantee, but if it is incredibly successful and the college receives more students than the foundation has funds to cover, the Board funds would be used until the student growth revenue comes back into the college.
- Transportation Center Construction – cost TBD one-time for construction to build a transportation center on the Sierra Vista Campus.

#### FY 2019 Proposed Budget Summary

- Based on College Mission and Strategic Priorities
- Follows Budget Principals
- Conservative Projections:
  - Revenue
    - Enrollment (flat)
    - Governor and Legislative Budget
  - Expenses Conservative
- Addresses Important Initiatives
  - Employee Retention, Recruitment, and Development
  - Information Technologies Overhaul
  - Strategic Initiatives/Innovation to move the college forward
- Provides for:
  - Contingencies
  - Growth
  - Opportunities
- Balanced

Referencing the FY2018/19 Budget-Revenue & Expenditure Summary document, Dr. Rottweiler highlighted several items to the Board, which included:

- Line item 58 & 60 – Total Revenue for General and Designated Funds
  - General funds – the Board dictates where the money goes
  - Designated funds – come primarily from student fees and other initiatives
  - Restricted funds – Prop 301, STEM Capital, and other Federal Financial Aid funds

The bulk of the budget is out of the general fund and the designated fund. The recommendation from administration for total budget, which has all the initiatives included, is a total revenue of about \$42,463,058 on both the revenue and expenditure. Increase in budget of about 2.75 percent.

Dr. Rottweiler informed the Board when the budget comes back before them at the June meeting, should the Board choose to do all of the proposed requests, the total will be around \$65M, which includes restricted funds that will be rolled into the budget and will include all the contingencies as well.

Document highlights continued:

- Line 22 – Projecting \$13.8M in revenue for federal financial aid (restricted fund); the college has to budget for the resources to come in but they go directly to the student through the college.
- Line 47 – Contingencies - \$247,500
- Line 48 – Reserves - \$150,000 budgeted for the Board, as consistent with previous years. Should the funds not be needed, the funds roll over to the fund balance. Historically, the college puts around \$1M into fund balance, but this year under \$200K will be rolled forward for fund balance. This budget provides the Board the ability to make the decisions utilizing fund balance for things such as potentially new constructions or major remodels.

Dr. Rottweiler thanked business office employees, all actively engaged staff, and those who brought forward proposals to help the college move forward.

Mr. Quinn asked what the Director of Faculty Development would be doing. Dr. Rottweiler responded noting the position is the results of sitting at a round table discussion with Fort Huachuca personnel; administration recognized that the college should do more in providing some guidance and direction in ways of professional development opportunities for faculty. The goal is part of the 21<sup>st</sup> Century Classroom Initiative that would begin to have master courses and master instructors.

Mr. DiPeso inquired about the \$80K IT proposal asking if it was an ongoing or a one-time proposal. Dr. Rottweiler noted the proposal is a one-time proposal to support the Banner 9 transition. He also noted the college contracted with David Kent Corporation who works exclusively in Banner and Oracle to help with the transition.

Mr. Quinn led a discussion in which Mr. Schiers confirmed the increased lease agreement pay for the auto complex, \$75K this year, \$90K next year, then \$120K following year. The proposed \$200K will be architectural fees to begin planning for an expandable metal building that is located on the Sierra Vista Campus. Dr. Rottweiler noted that Mr. Lawley has been an amazing partner with the college and does not want the college out of the buildings, but also realizes the college needs to look at all options.

Mrs. Strain asked if the Board would be receiving monitoring reports to show the productivity of the three new navigator positions. Dr. Rottweiler noted the college hopes to be able to provide metrics that show the students the college received were as a result from the help of the navigators.

Mr. Nelson led a brief discussion related to ASRS increases.

Replying to Mr. Quinn's question, Dr. Rottweiler noted the college is requesting to purchase two engines for the Aviation Program as part of life cycle and proactive planning.

Dr. Rottweiler concluded with Recommended Actions:

- Approved Tuition Increase at March 13, 2018 Board Meeting
- State Funding Allocation are pending and waiting approval
- Recommended 2% Property Tax Increase – TNT Hearing on May 8, 2018
- Recommended FY'19 Budget Approval – Special Meeting June 12, 2018
  - Workforce Development Plan (Prop 301)

- Compensation Plan
- New, reclassified, and adjusted positions as presented
- Strategic Initiative Plan

Should the Board choose not to approve a tax increase, it would require administration to go back and find an additional \$700K. The budget work is sound but requires an increase in property taxes.

### **3. ADJOURNMENT**

Mr. Ortega adjourned the meeting at 5:53 p.m.

Respectfully Submitted:

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Crystal Wheeler, Executive Assistant to the President

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Mr. David DiPeso, Secretary of the Governing Board