MINUTES

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT GOVERNING BOARD
WORK SESSION

Tuesday, February 13, 2018
Sierra Vista Campus
6:00 p.m.

1. GENERAL FUNCTIONS

1.01 Call to Order

Mr. Nelson called the meeting to order at 6:00 p.m.

Board Members Present:

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

Board Members Absent:

Mr. Danny Ortega

2. NEW BUSINESS

2.01 Discussion of the FY19 Budget

Dr. Rottweiler began the meeting noting that no action would be taken during the meeting.

Dr. Rottweiler reviewed Board Policy 407, Executive Limitations, Compensation and Benefits; the president may not provide for or change the compensation and benefits of other employees except in accordance with salary schedules and plans adopted by the Board.

Working Agenda:

I. **Salary and Benefits**
   A. Compensation
      1. Salary Schedules
         a. Classified Staff - PROP 206 (Minimum Wage)
            By January 2020 the minimum wage needs to be at $12. Referencing a current newspaper article, a Senate Committee approved to put back on a voter referendum to rescind the $12 min. wage. College administration wants take action moving forward with meeting the new min. wage.

            The other part of PROP 206 states that after 2020, min. wage would then increase mandatorily on a consumer price index. The reason this is important for the college is because this affects the classified salary model. The college needs to create a model that has the entry min. wage at $12 per hour. The college needs to increase the min. wage to $11 by January

2019 then to $12 by January 2020. With that, administration presented some scenarios to help the college get to the $12 rang pending the Boards' willingness to increase the tax levy 2%. If that doesn't occur, administration needs to recalibrate.

Options to Consider:

Classified Staff Wage Model – increase base 2.5% (CS04 min.)
To increase the base 2.5% would mean the CS04 min. wage would be $11.19; meeting the January 2019 required $11, and would get the college to the $12 min. as long as the college guaranteed doing a similar amount of 2.5% next year.

Classified Staff Wage Model – increase base 3.75%
Adjust the base 3.75%, which will get the CS05 to the $12 min. this year. The individuals that are in the CS04 salary range would remain for FY19 at $11.33 and would individually be moved into CS05 the following year at $12.00; meeting the 2020 min. wage law. Following this model could, over time, compress the salary schedule; removing the CS04.

Mr. Quinn inquired about only increasing the CS04 and CS05 base salaries 2.5%, which is required to reach the min. wage requirement. This option would basically say the college is going to move the model 2.5% then could do a longevity increase, then the next year come back and do an additional 1.25% to get compliant with the law next year. Instead of moving the entire salary schedule, the college would only move those employees that are below the $12 min. requirement. Dr. Rottweiler responded, the best is to move everyone to avoid total salary compression and maintain integrity of the structure.

Administrations' intended recommendation will be to increase the whole classified staff salary model 3.75%, which gets the CS05 to $12 min. wage this year, and provides 3.75% increase to all classified employees avoiding salary compression and maintaining integrity of the structure. Next fiscal year no change would be needed to the salary model, expect to move the CS04 individuals to CS05. Next year's recommendation would be to only offer a longevity versus a salary schedule increase. The 3.75% increase to the whole classified staff salary model would cost $200K.

Responding to a question regarding property tax increase, Dr. Rottweiler stated that the Board would probably receive a recommendation to approve a tax levy regardless of the salary model approval.

Mr. Nelson confirmed the three factors for the salary increase are: inflation, catch up with average of state salaries, and comply with PROP 206.

b. Faculty Schedules - State and regional comparators
Cochise College's base faculty salary is $42,756, which is below the state base salary of $43,889. With that, administration presented two options for consideration:

Move the model 2.5% min. increase (Master Min) which is a 65% min to max or move the model to a 55% min to max.

By adjusting the model the college can bring the master's prepared to $43,826, which just brings to the state average, or they could move it to $45,515.

Administrations' intended recommendation will be to adjust the faculty model to the 55% spread bringing the starting base wage to $45,514, which is a more marketable amount when hiring faculty.

Administrations' intended recommendation will be to increase individual salaries for eligible employees the same increase amount of 3.75% in each of the classified, Professional, Administrative Support, and faculty employee groups. The cost of the increase would be $868K.

c. Other salary schedules
Administrations' intended recommendation will be to increase associate faculty salary from $700 to $725; based on comparators, the state average is $733. The cost of the increase would be $109K.

Mr. Quinn asked if administration had proposed changes to the spending plan; Dr. Rottweiler responded by noting there is a potential expenditure savings of approximately $1.5M in reductions. Confirming that the $1.5M reduction covers the cost of the 3.75% salary increase recommendation ($868K) and the increase for associate faculty from $700 to $725 ($109K).

B. Arizona State Retirement System
ASRS will increase 2.64% from 11.34% to 11.64% for both the college and the employees. The 2.64% increase will cost the college $70K.

C. Health Insurance
1. EPO and HDHP
a. Rates and Employer Contribution
Currently the college provides the cost for medical and dental insurance for the employee only; current EPO cost is $600.50 per month. Last year the college introduced a high deductible health plan (HDHP) that was below the $600, and allowed employees who chose this plan to put the differential into a health savings account.

Dr. Rottweiler explained that a health savings account is an interest bearing account that employees who select one of the HDHP, are eligible to have for funds that can be used for health related expenses, such expenses occurred until their high deductible is met; $3,000 for individual or $6,000 for family.

Administrations' intended recommendation will be to have a set amount of $600 for each employee to use on the health plan of their choice rather than having set plans chosen for them. The college would give $600 to be used on the employees plan choice. If the employee chose an EPO plan, the new rate will be $615.28 so the employee would be responsible to pay the additional $15.28; if the employee chose a HDHP, the college would place the difference from the $600 and the cost of the plan into a health savings account for the eligible employee.

If the college separates out of a set health plan option, and goes to a set amount ($600), it would be at no additional cost to the college.

b. Health Savings Account – Paid Time Off (PTO)
Administration would like to investigate the option for employees to roll one of their PTO days into a health savings account if they choose the HDHP.

If the college incentivizes the selection of HDHP, and approves the use of one PTO day to be used toward the employee's health savings account, it could cost the college $87K if **every** employee chose the HDHP plan and chose to use the PTO option; realistically it may only cost $40K.

If health benefit options are left the same as the current year, it would be an additional cost of $65K to the college due to the EPO plan increase from $600.50 to $615.28 per month per eligible employee.

To educate employees of the new health plan options, open enrollment will be mandatory for all employees beginning in April.

II. Budget Outlook

A. Potential Revenue - $1,338,297M

B. Potential Savings - $1,497,469M

C. Committed Expenses - $1,997,000M (includes innovation fund - $350K)
1. Potential New Initiatives (innovation fund - $350K)
   - Lineman Program
   - Police Academy
   - Viticulture
   - AAS in Instructional Design
   - Cybersecurity
   - LPN to Professional Nurse
2. Additional Funding Requests – Potentially $838K - Budget Managers will submit additional requests for discussion during a Budget Retreat being held on March 9, 2018.

Mr. Quinn led a discussion regarding tuition being part of the overall budget, but differential tuition is designated funds for the specific program and is not part of potential revenue.

D. Facilities
1. Douglas Campus
   a. Art/Fabrication Building (2200) addition
   b. Art Building (1900) removal
   Administrations' intended recommendation will be to put $500K into a fund from fund balance to create an addition to 2200, then tear down the 1900 building.

2. Sierra Vista
   a. Transportation Building (new construction)
      Currently the college has a lease with Sean Lawley for the AutoPlex for $1 per year, which concludes June 2018. Mr. Lawley has notified college administration that he would like the lease of the building to be revenue generating. Should that be the case, administration believes the future of the automotive program needs to be tied to a transportation center on a college campus. With that, administration would like to build a large steel building to be expanded for other future programs on the college campus, rather than purchase the current Lawley building.

      Mr. Nelson asked to review the college's Master Facilities Plan for review.

E. Graduating Senior Scholarship Guarantee
   Administrations' intended recommendation will be to use $150K - $200K from the fund balance to cover any potential short-falls, should the number of student scholarship requests be larger than expected. Currently the foundation has $130K in the student scholarship fund.

III. Board Initiatives

Mr. Nelson would like a three-year security upgrade program. Currently the college has allotted $15K for security upgrades on the Sierra Vista Campus. Mr. Schiers noted the three-year commitment for upgrades could cost approximately $150K over the three years.

Mr. Quinn would like to have the college contract with someone to review the colleges' singular purpose and messaging. Dr. Fick noted that Robyn Martin, Assistant Dean of Enrollment Management and Marketing, has already submitted a request and is currently researching a possible contract.

Mrs. Strain would the like the internal Board only policies reviewed; election of chair and secretary, college vision, mission and statement. Board members will begin reviewing the policies and make note of suggested changes to administration.

3. ADJOURNMENT

Mr. Nelson adjourned the meeting at 8:15 p.m.

Respectfully Submitted:

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Crystal Wheeler, Executive Assistant, Office of the President

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Mr. David DiPeso, Secretary of the Governing Board