

Navajo County Community College District Governing Board Study Session Minutes

March 17, 2009 – 9:30 a.m.

2251 Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Ginny Handorf, E.L. Parsons, Daniel Peaches and A.T. Siquah.

Staff Present: President, Dr. Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Director of Information Services, John Velat; Recording Secretary to the Board, Russell Dickerson.

Reports:

1. Agenda Item 7.A.: Request to Approve 2009-2010 Tuition and General Fees – Vice President Hatch

Mr. Hatch summarized information presented to the Board at the February meeting. Mr. Hatch explained that the proposed \$4 per credit hour tuition is expected to generate approximately \$200,000 in additional revenue next year. For 2009-2010, the proposed tuition for in-state and Apache County residents will be \$52 per credit hour for enrollment in one to three credit hours; the 3.5 to 7.5 credit hour tuition plateau will remain in place. The proposed tuition schedule also calls for the elimination of the tuition cap of 15 credit hours. Mr. Hatch explained to Board members that tuition caps have been largely eliminated at other institutions. The out of state tuition rate, as proposed for 2009-2010, will increase by \$5 per credit hour for enrollment in one to three credit hours. Out of state students enrolled in more than seven credit hours will be charged \$250 per credit hour. The proposed tuition schedule calls for no change in the treatment of charges to senior citizens or refunds. Mr. Hatch presented Board members with comparative tuition information for other Arizona community colleges. NPC tuition rates are comparable, or slightly below that of other institutions. Addressing general fees, Mr. Hatch explained that the proposed Media Fee would eliminate the technology fee assessed to students enrolled in Internet courses and is expected to generate approximately \$300,000 in revenue. Responding to Board questions, Mr. Hatch clarified that the \$35 Media Fee is charged to students, each semester, that are enrolled in three or more credit hours.

2. Agenda Item 7.B.: Request to Approve 2009-2010 Course Fees – Vice President Hatch

Mr. Hatch presented a revised copy of the proposed 2009-2010 Course Fees schedule to Board members. Summarizing, Mr. Hatch explained that there are currently over 1,300 courses listed in the NPC catalog, with approximately one-third of those courses requiring a course fee to offset the cost of consumable supplies or other course specific expenses. The proposed course fee schedule includes course fee increases to 119 courses that Mr. Hatch expects to generate approximately \$35,000 in revenue. Mr. Hatch highlighted minor revisions to the schedule presented to the Board in February.

3. Agenda Item 6.A.: Consideration of Facility Closure – President Swarthout

Dr. Swarthout notified the Board that staff explored options as presented at the February meeting. Technical staffs from NPC and Navajo County, Dr. Swarthout and Mary Springer, of Navajo County, have surveyed the Mogollon County Complex. It was concluded that the county complex would be a good option for standalone courses in area. Dr. Swarthout reported that, having explored the County Complex option, staff does not recommend that the Heber center and all center activities including audio/video classes, registration and advising, be relocated. Dr. Swarthout repeated the staff recommendation to close the Heber center providing for a continuation of stand-alone courses that may be scheduled to meet student demand.

Chairman Jeffers asked if any of the enrollment information presented at the February meeting has changed or been updated. Dr. Swarthout indicated that the information had not changed but a clearer estimate of the cost involved in relocating services to the Mogollon Complex have been obtained. Responding to Board questions, Mr. Hatch said the direct cost savings of closing the Heber center are about \$32,000 with an additional \$20,000 in savings from an elimination of ongoing Information Services expenses. Addressing a question from Mr. Parsons, Mr. Hatch confirmed that it costs approximately \$100,000 annually to operate the Heber center. Mr. Parsons stated that the Heber/Overgaard school district generates \$1,280,000 and pays for local college services and financially supplements every other college facilities. Mr. Parsons stated that closure of the Heber facility, which is funded by



local tax revenue, is wrong. In response, Mr. Hatch indicated understanding of Mr. Parson's reasoning and pointed out that, using that line of reasoning, the college would, based solely on tax assessments, not have facilities in Holbrook, Winslow, or any place north of Interstate 40. Mr. Hatch explained that the college has tried to get services as close to student populations as possible and reminded the Board that Heber residents have relatively close college resources available in Snowflake and Show Low as well as use of Internet and telephone registration. Mr. Hatch concluded his remarks by stating that the proposed closure does not call for an end of all courses in the Heber area and does not eliminate a large number of services that would disallow students from participating in college activities.

Chairman Jeffers concluded discussion of the proposed facility closure by stating that continuing to operate, in an area without sufficient demand and utilization of service, is essentially wasting funds. Chairman Jeffers remarked that he hoped there was greater demand in the Heber area, but until demand rises, it is not prudent of the Board to spend money where it is not effectively utilized.

4. Agenda Item 8.B.1.: Curriculum – Paramedicine – Vice President Vest

Mr. Vest summarized changes to the Paramedicine program, formerly called Emergency Medical Technician, that were approved by Instructional Council. The Associate of Applied Science degree was significantly revised in order to bring the program into compliance with new State certification requirements. Mr. Vest explained that the Associate of Applied Science degree has been expanded from 65 to 70 credit hours and now consists of only three courses. Mr. Vest added that changes to the Associate of Applied Science have also affected the Certificate of Applied Science and Certificate of Proficiency in Paramedicine.

5. Agenda Item 8.B.2.: Curriculum – Automotive Technology – Vice President Vest

Mr. Vest summarized changes to the Automotive Technology program that were approved by Instructional Council. Mr. Vest explained that the program has been expanded and include changes to the Associate of Applied Science and Certificate of Applied Science, as well as five new Certificates of Proficiency. Mr. Vest explained that these changes were made to bring the Automotive Technology program into alignment with ASE and NATEF certification standards. Mr. Vest added that the revised automotive curriculum and a new automotive facility I Show Low will allow the program to be open to the general public. Responding to a Board question, Dr. Don Richie, Dean of Career and Technical Education, explained that due to the economy, automobile owners are looking to keep their cars running longer, thereby creating greater work for service departments and demand for skilled automobile service technicians.

6. Agenda Item 8.B.3.: Curriculum – Update to Board on Computer Information Systems and Administrative Information Services – Vice President Vest

Mr. Vest notified Board members that changes made to the CIS and AIS programs were not being presented to the Board for approval. Rather, the transfer of two CIS courses, which rippled through 32 different degree or certificate programs, was being presented as informational since the repackaging of the course had such a widespread effect on the catalog. Mr. Vest summarized the transfer of CIS 230, Introduction to Microsoft Office, and CIS 235, Advanced Microsoft Office and notified Board members that there was no change to existing course content. In departmental discussions, it was decided that the Administrative Information Services department would be responsible for the Microsoft Office courses. For that reason, the courses have been relabeled with the new course numbers AIS 231 and AIS 232.

7. Preliminary Budget Analysis (First Read) – Vice President Hatch

Mr. Hatch began his report by updating Board members on the timetable for budget development. NPC Directors, Deans and Vice Presidents are scheduled to meet for budget hearings following the March 17 District Governing Board meeting. Mr. Hatch stated that there will be a significant amount of budget related activity in April as the Board will be asked to approve budget documents for publication, salary schedules for 2009-2010 and to adopt a tentative budget. In May, the Board will be asked to adopt a final budget and Mr. Hatch expects the budget process to conclude shortly after the May Board meeting. Mr. Hatch explained that action of the State legislature is still an unknown in the budget process and what is being presented to the Board is a best guess at this point in time. Mr. Hatch added that if these best guesses prove to be short, based upon legislative action, the budget can be adjusted downward.



Mr. Hatch reported that the college just received a revision from the Assessor's Office. Primary property taxes are estimated to be \$11,338,000 which represents an increase of \$693,000. Mr. Hatch attributed this increase to a significant amount of new construction but informed the Board that he did not expect growth to continue into the 2010-2011 budget year. Mr. Hatch reported that for next year, tuition revenue is expected to be just over \$4.3 million, representing a change of approximately \$500,000 which is contingent upon approval of the proposed 2009-2010 Tuition and General Fees schedule to be addressed in the regular Board meeting.

Mr. Hatch reported that State aid will be in the range of \$8 million to \$8.75 million which is a reduction from 2008-2009 funding levels of \$1.1 million to \$1.8 million. Mr. Hatch explained that for budgeting purposes, the college is taking a conservative approach by using higher budget figures for revenues and lower budget figures for expenditures. Investment earnings, budgeted at \$250,000 this year, are expected to decrease by approximately \$75,000. Mr. Hatch stated that there is a slight increase in general fund grants and contracts which are primarily with NPC partners NAVIT and Apache County. Mr. Hatch added that reductions in State aid may result in partner entities having to come up with additional cash to maintain present levels.

Mr. Hatch notified Board members that transfers out of the general fund will be lowered to \$1.5 million. This reduction is a result of paying off the certificate of participation which was funded by the general fund in the amount of \$200,000 annually. The general fund expenditure target amount is \$23.2 million. Mr. Hatch added that approximately 75% of general fund expenditures are for wages and benefits. \$1.5 million of capital funds are targeted for transfer into the general fund. In addition to paying off the certificate of participation, the college will also pay off a general obligation bond this year. The approximately \$2 million bond is funded by county property tax payers. Once paid, property owners should see a decrease in property tax assessment resulting in a probable net change of \$0.20 per thousand dollars.

Mr. Hatch reported that he anticipates increases in restricted fund revenues and expenditures as a result of increased grant opportunities that may be available through the Federal stimulus package and potential increases to Federal financial aid awards. Responding to a Board question, Mr. Hatch explained that the recapture of Proposition 301 funds would require an election and would be difficult to accomplish. Mr. Vest announced that for the first time, the NPC Financial Aid office awarded over \$2 million. Mr. Hatch informed Board members that he does not expect much change to the auxiliary fund budget at this time.

Mr. Hatch reported that there is the possibility that through student financial aid and other potential grant opportunities NPC may benefit from the Federal stimulus package. Mr. Hatch was doubtful that any educational institutions like NPC would receive any infrastructure development funds as they will most likely go to research institutions. Mr. Hatch explained to Board members that the application of Federal stimulus package funds for education has not yet been resolved. Federal language indicates that capital projects are to be excluded. Dr. Swarthout and other community college presidents will have to work to convince the Governor and State legislature that State capital aid is not used for capital projects but is used for equipment and items that do not fit the Federal definition. Mr. Hatch added that the only cost to the college identified from the stimulus package is legislation regarding COBRA funding. 75% of COBRA costs will be paid by the employer and most employers are eligible for a related tax credit. Given the college does not pay taxes, Mr. Hatch reported that he is not sure if there is a mechanism to recoup those funds.

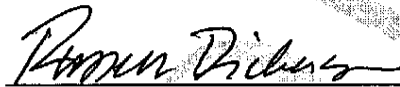
Mr. Hatch stated that due to increasing enrollment, he does not anticipate that the expenditure limit will be a limiting budgetary factor in the foreseeable future. Mr. Hatch stated that, in his opinion, 2009-2010 will not be the most difficult year for the college. Mr. Hatch anticipates continued financial challenges in the near future. Dr. Swarthout has made the college aware of future financial challenges and some organizational changes have been made to better position the college for the future and ensure institutional viability. Mr. Hatch concluded the preliminary budget report by reiterating that the college will address budget matters within the context of the strategic plan which will not only move the college beyond the current crisis, but also create a new approach to operating the institution.



8. Salary Schedule Recommendation (First Read) – Vice President Hatch

Dr. Swarthout presented the staff recommendation to freeze salaries for the 2009-2010 fiscal year. Mr. Hatch reported that he does not expect, at present, any changes in cost and structure of benefits to employees. Additionally, the Arizona State Retirement System announced a small decrease in the contribution rate from 9.45% to 9.4% amounting to a college savings of approximately \$6,000. Board members were informed that Mr. Hatch expects that other Arizona community colleges will not offer wage increases, or decreases in the upcoming year. Responding to a Board question, Dr. Swarthout stated that feedback was previously sought from the Faculty Association regarding possible wage decreases. The Faculty Association recommendations were not followed as staff has recommended only a freeze, not a decrease, to college employee wages.

Respectfully submitted,



Russell Dickerson
Recording Secretary to the Board



Bill Jeffers
Chairman



Ginny Handorf
Secretary to the Board

