

PALO VERDE COMMUNITY COLLEGE DISTRICT

SPECIAL MEETING/STUDY SESSION

BOARD OF TRUSTEES

Tuesday, March 5, 2013

4:30 p.m.

One College Drive in Blythe – CL 101

(ITV held at Palo Verde College Needles Center – 725 W. Broadway, Needles, CA)

Teleconferencing with Board Member Jerry Lewis

10301 Dunbar Street

Albuquerque, New Mexico 87114

Meeting 13-04

MINUTES

I. OPENING OF MEETING

1. Call to Order

The Special Meeting/Study Session of the Board of Trustees was called to order by the President of the Board, Ms. Rodriguez, at 4:30 p.m.

2. Flag Salute

The Salute to the American Flag was led by Mr. Lewis, Trustee

3. Roll Call

Trustees Present:

Millie Rodriguez, President

George Thomas, Vice President

Ted Arneson, Clerk of the Board

Lincoln Edmond, Trustee

Ed Gonzales, Trustee *(by ITV from Needles Center)*

Ned Hyduke, Trustee

Jerry Lewis, Trustee *(by teleconference from Albuquerque, NM)*

Laura Bowley, Student Trustee

Administrators Present:

Denise Whittaker, Interim Superintendent/President

Sharon Jones, Interim Vice President of Instructional and Student Services

Russi Egan, Chief Business Officer

Recorder:

Carrie Mullion, Administrative Assistant to Superintendent/President and Board of Trustees

Visitors:

On file in the Superintendent/President's Office

4. Approval of the Minutes of the Emergency Meeting of February 21, 2013.

It was moved by Mr. Edmond, seconded by Mr. Arneson, and unanimously carried, that the Minutes of the Emergency Meeting of February 21, 2013 be approved.

(These minutes are a concise summary of reports, discussion and actions taken at this meeting. For detailed comments and discussion, a tape is available to the public for 30 days after the date of this meeting.)

I. OPENING OF MEETING (continued)

- 5. Approval of the Agenda for this meeting.

Ms. Whittaker stated the Agenda should be amended as follows; Resolution 13-03 D-11 should be Resolution 13-04 D-12, and Resolution 13-03 D-12 should be Resolution 13-04 D-13. It was moved by Mr. Arneson, seconded by Mr. Hydeuke, and unanimously carried, that the Agenda be approved as amended.

II. HEARING OF CITIZENS (AGENDA ITEMS)

Members of the public have this opportunity to directly address the Board on agenda items, subject to a five (5) minute time limitation per individual. Pursuant to the Brown Act Government Code Section 54954.2(a): "No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3."

None.

III. ANNOUNCEMENT OF RECUSAL FROM AGENDA ITEMS

The Interim Superintendent/President respectfully asks if any of the Governing Board members need to recuse themselves from any item where there might be a potential conflict of interest.

None.

IV. DISCUSSION

- 1. Student Trustee Appointment and Oath of Office

Student Trustee Frannie Gregory submitted her resignation on February 12, 2013. Laura Bowley was nominated and voted on by Associated Student Government at their meeting held on February 12, 2013, and is being recommended to the Board of Trustees as the new Student Trustee.

ACTION ITEM

Resolution 13-04 D-12 – RESIGNATION OF STUDENT TRUSTEE (GREGORY)

BE IT RESOLVED, that Palo Verde Community College District Board of Trustees accepts the resignation of Student Trustee Frannie Gregory, effective February 12, 2013.

It was moved by Mr. Edmond, and seconded by Mr. Hydeuke, that Resolution 13-04 D-12 be approved.

Student Advisory	<u>Vacant</u>	Gonzales	<u>Yes</u>	Rodriguez	<u>Yes</u>
Arneson	<u>Yes</u>	Hyduke	<u>Yes</u>	Thomas	<u>Yes</u>
Edmond	<u>Yes</u>	Lewis	<u>Yes</u>		

Motion carried/failed; Aye 7 No _____ Abstain _____ Absent _____

Resolution 13-04 D-13 – APPOINTMENT OF STUDENT TRUSTEE (BOWLEY)

BE IT RESOLVED, that Palo Verde Community College District Board of Trustees accepts the recommendation from the associated Student Government and appoints Laura Bowley as Student Trustee for the remainder of the Academic year 2012-2013.

It was moved by Dr. Thomas, and seconded by Mr. Edmond, that Resolution 13-04 D-13 be approved.

IV. DISCUSSION (continued)

Student Advisory	<u>Vacant</u>	Gonzales	<u>Yes</u>	Rodriguez	<u>Yes</u>
Arneson	<u>Yes</u>	Hyduke	<u>Yes</u>	Thomas	<u>Yes</u>
Edmond	<u>Yes</u>	Lewis	<u>Yes</u>		

Motion carried/failed; Aye 7 No _____ Abstain _____ Absent _____

OATH OF OFFICE

Ms. Rodriguez, President of the Board of Trustees, administered the Oath of Office to Laura Bowley. Ms. Bowley then joined the Governing Board at the Board table for the remainder of the meeting.

V. STUDY SESSION

Budget Development Process 2013-2014 – Presentation by Denise Whittaker, Interim Superintendent/President, and Russi Egan, Chief Business Officer (*shown loose in Board folders*).

Ms. Whittaker, Interim Superintendent/President, provided the Board of Trustees with handouts titled “Palo Verde College FY 2013-14 Budget Workshop, March 5, 2013”. The purpose of the Study Session is to provide the Board the opportunity to weigh-in on the budget development process before taking it to the college community. The purpose is also to provide the Board with the most up-to-date information regarding the budget in planning for 2013-13. This workshop also reinforces the Accreditation Commission’s concerns as noted in their recent letter that the Board needs to sustain their knowledge base regarding fiscal operations and maintain the same level of on-going attention to the budget as they have the past 15 months. The Accrediting Commission recommends that the District demonstrate on-going Board training and updating, particularly in regards to the budget. Ms. Whittaker stated that the college is getting ready to go into a budget development process, and Boards generally like to know what the process will be before it starts so that they can provide input. Ms. Whittaker and Ms. Egan will provide the Board with the most current information regarding budget scenarios relative to the 2013-14 budget, and establish a timeline for the finalization of the 2013-14 budget. The budget development process was summarized as follows.

Ms. Whittaker stated that the Budget Committee is charged with the following:

- Approving the Development Plan for the 2013-14 Budget.
- Ensuring compliance with the Fifty Percent Law.
- Achieving the required Board Reserve which is 12%. Many colleges have a Board Reserve close to 20%, which would be very difficult for Palo Verde College.

The purpose of the Budget Committee is:

- Develop budget parameters on financial scenarios.
- Provide budget training to members.
- Fund priorities as identified by College Council through Program Review. An Annual Snapshot Report will be completed by every program at the college. College Council will make a prioritized list of one-time and on-going needs for funding. The Budget Committee will then find the funding.
- Provide an infrastructure for collegial and transparent discussion among constituent leaders.

V. STUDY SESSION (continued)

College Values continue to be:

- Preserve jobs.
 - Preserve classes.
 - Preserve support services.
 - Preserve environment.
- Student success continues to be the number one goal.

Challenges facing Palo Verde College:

- Maintaining 1800 FTES target base. Ms. Egan provided an explanation of the State supplemented enrollment clause that is being proposed in the Governor's budget proposal for 2013-14. State supplement enrollment will be capped at 90 units. Financial aid will not be provided to any student who takes more than 90 units. An explanation of Proposition 30 was provided. Ms. Egan stated that Proposition 30 will not give the college any new money, but will allow time to reach 1800 FTES.
- Attaining 2012-13 FTES target of 1800.
Ms. Jones updated the Board and discussion occurred regarding the status of ISA's (Industrial Emergency Council). Ms. Jones had a conference call with Scott Peterson, ISA Coordinator, and the executive director of ISA. The director of ISA stated they are doing everything they can to provide courses, but many grants that were available to public safety agencies have expired. Agencies that were funding their own in-service training are no longer able to do so, which has caused them to implement cost saving measures. Agencies are prioritizing only the training that is necessary. The good news is that the premiere provider of these services, IEC (Industrial Emergency Council), is very motivated to expand and work with Palo Verde College in offering degrees, particularly with the online courses. IEC expects an increase in course offerings beginning in Summer and Fall 2013. Ms. Whittaker stated the Accrediting Commission has expressed the college should not count on ISA enrollments, and that the college needs to find a source of FTES that they can count on. The creation of a FTES feasibility study is being discussed, which will be conducted by an external team.
- Accreditation Commission's Financial Follow-Up Report due April 1, 2013. There will be a site visit in May 2013 based on the Financial Follow-Up Report. A Follow-Up Report is also due in October 2013, which is in response to the visit that took place in November 2012.
- 25% Federal requirement for incarcerated students. Ms. Whittaker stated that incarcerated students could be our "niche"; a source of stable FTES for the college.
- Governor's Budget.
- Overall inconsistencies in Palo Verde College policies and procedures.

Ms. Egan, Chief Business Officer, provided a 2012-2013 fiscal recap. Palo Verde College currently has a balanced budget based on the following in 2012-13:

- 1800 FTES acquisition.
- Identified cost savings amounting to nearly \$1M (personnel incentives, internal cuts, greater efficiencies, etc.).
- Management took 8.33% salary cut.
- CSEA took 3.58% salary cut plus 4% other reductions.
- Faculty took 4 CTLC's without pay and switched to REEP/HAS which reduced the cost of health benefits.
- P1 Report. Deficit factor of \$156,708 reduction in revenue for 2011-12, but applied to this year's budget.

V. STUDY SESSION (continued)

- Stabilization. State pays the college regardless of what actual FTES are. The current FTES are 1324.15. If the FTES are not restored to the level of 2010-11, then the District loses 476 FTES which equals \$2,172,859.
- Prop 30 passed. If Prop 30 had not passed, the college would have been cut to 1660 FTES. This stabilizes the FTES for the next 4 years, and buys-down deferrals.
- Applied for Fifty Percent Law Exemption.
- Ending balance and reserve. June 30, 2011 ending balance was \$342,282 or 2.7% reserve. June 30, 2012 ending balance was \$1,175,605.57 or 11% reserve. This occurred because of stabilization, reduced expenditures, and change in categorical reporting.

Proposition 30 Revenue:

- Estimated proceeds \$210 million statewide. 2012-13 funds will appear in June 2013. Quarterly payments of 25% of estimated funds will appear 2013-14.

Ms. Egan stated that Proposition 30 money is actually EPA (Educational Protection Account) funds. EPA restrictions need more guidelines, which will hopefully come by June 2013.

EPA restrictions:

- Proceeds shall not be used for salaries or benefits of administrators or any other administrative costs.
- Districts are required to publish on their websites how the money was spent.
- Unsure whether this will be considered restricted or unrestricted funding. The measure does not contain any "supplant" or "supplement" language".
- There is an expiration date on these funds. Sales tax will expire in 4 years, and income tax will expire in 7 years.

Ms. Egan then provided highlights of the CCLC Chancellor's Office Budget Webinar for 2013-14 Budget.

- Anticipated budget confirmation by July 1, 2013.
- Governor highly supportive to K-12 and higher education funding realizing the financial stability of California is contingent upon an educated population.
- Higher revenue projections which include personal income increases (greater taxes), sales and use taxes, and corporate income increases (greater impact on California). These three areas combined account for 92% of the state's general fund revenues.
- State revenue volatility.
- Governor proposes to increase Prop 98 spending by \$597 million. Unsure of what impact means for Palo Verde College and if strings are attached.
- Projected budget increase plus policy reform. There is controversy regarding the 90 unit limit applied to all current students that goes into effect July 1, 2013. Students over the limit will have to pay non-resident fees to continue; some exceptions will apply.
- Currently proposed: Community college's to receive 5% funding increase over last year for technical and policy adjustments. Proposed policy adjustments could include shift adult education/apprenticeships to community college's, Prop 39 energy efficiencies funding, on-line education increases, undesignated apportionment (COLA), deferral buy-down funds, and progress on "wall of debt".
- Policy proposals – what we know: Prop 30 is guaranteed through 2017-18, categorical programs have been drastically cut since 2009, there has been no COLA since 2006, and fees increased from \$20 per unit in 2008-09 to \$46 per unit in 2012-13, which equals a 130% increase in 5 years.

V. STUDY SESSION (continued)

Ms. Whittaker stated the college must show the Accrediting Commission that we are prudent and showing due diligence in thinking ahead in paying back debt. The plan brought forth to the Board of Trustees would be that if the college goes below 1600 FTES, then \$855,000 that has been going towards the COP payments would be redirected to make up for the shortfall of FTES. COLA would be dedicated to pay back the \$855,000 that was borrowed. This way the Accrediting Commission and the Chancellor's Office would see the college is using due diligence in balancing the budget and paying back debt. Ms. Whittaker then explained:

- Budget planning history.
- What is an FTES.
- Enrollment Trend Data - used 2009-10 to build this year's schedule.
- Palo Verde College budget big picture – impact on budget if the FTES drop.

Discussion occurred in regards to stabilizing FTES and finding a “niche” for Palo Verde College. Ms. Whittaker stated we need to find other FTES other than depending on just the population of Blythe. The areas the college could consider is a two year correspondence degree, or online degrees.

Ms. Whittaker explained and discussion occurred regarding the Budget Response Plan to FTES apportionment if there are shortfalls for 2012-13, and the *Proposed* College-Wide FTES Deficit Repayment Agreement Resolution and guidelines.

The Budget development process was discussed:

- Plan A: Move forward with a budget that anticipates reaching 1800 FTES.
- Plan B: Plan for FTES apportionment shortfall options as submitted.
- Timeline.

Ms. Whittaker recommended that a resolution be put on the board agenda for first read, stating what plan Palo Verde College will follow if the worst scenario occurs in regards to FTES and the budget. There was discussion and the Board of Trustees stated they would like to wait to put this resolution on the agenda.

VI. HEARING OF CITIZENS (NON-AGENDA ITEMS)

Members of the public have this opportunity to directly address the Board on items of interest to the public, subject to a five (5) minute time limitation per individual.

None.

VII. ADJOURN TO CLOSED SESSION

The Board of Trustees, Ms. Whittaker, Interim Superintendent/President, and Ms. Jones, Interim Vice President of Instructional and Student Services, adjourned to Closed Session to discuss the following:

1. Conference with Labor Negotiators
Negotiator: Denise Whittaker
Employee Organizations: CCA/CTA, CSEA Chapter 180, Non-Represented Employees
2. Superintendent/President Search
3. Conference with Real Property Negotiator pursuant to Government Code Section 54956.8; Spring Street property

Ms. Whittaker announced there will be no report out of Closed Session. The meeting was adjourned at 6:35 p.m.

The next Regular Meeting will be held on Tuesday, March 12, 2013.

**Minutes approved at the April 16, 2013
Regular Board Meeting.**

Interim Secretary of the Board