

**Board of Trustees
Finance Committee Meeting
May 6, 2010
2:00 pm**

The Board of Trustees Finance Committee Meeting was called to order at 2:00 pm. Those present were Chair Ben Cooper, Vice Chair Dennis Wiles, Trustee Bob Evins, Dr. Richard Dawe, Tina Wheelis, and Michelle Gray.

Discussion Item A.1 – Designated Reserve Balance

Dr. Dawe led the discussion for the establishment of a Designated Reserve Balance. Although the College has a cash balance that has served as an unofficial reserve during the past, it does not have a readily identifiable designated reserve balance at this time. Dr. Dawe recommended that eight percent of the total unrestricted budget be established as a designated reserve balance. This threshold could be adjusted yearly at the discretion of the Board. Amounts allocated to the designated reserve balance are not to be considered part of the annual operating budget and would be available for use only upon Board approval. Yearly adjustments would be needed to maintain the designated reserve balance at the level established by the Board of Trustees.

Discussion Item A.2 – Year End Cash Allocation

Mrs. Wheelis provided a recommendation for the allocation of cash accruals at year end. She emphasized that transparency and consistency could be accomplished by having a defined method of allocating year end cash balances. It was proposed that when actual revenues at year end exceeded actual expenditures, the following distribution hierarchy be implemented.

1. Amount needed to maintain the Designated Reserve Balance for the next fiscal year at eight percent or the level directed by the Board of Trustees.
2. A minimum of 30 percent of the remaining cash accumulation to be designated and transferred to a Plant Funds account for future construction, renovation and equipment needs.
3. The remaining balance would be moved forward and incorporated into the next fiscal year's budget and used for unfunded priority requests. The unfunded priority list will be maintained and prioritized by the Administrative Council. Examples of unfunded priority needs include personnel, equipment, classroom furniture, etc.

Discussion Item A.3, Tuition and Fee Structure

Dr. Dawe recommended that Ozarka follow suit with the majority of other two year colleges in the state and raise tuition. The current tuition rate is \$70 per credit hour and has been the same since July 2008. A \$3 per credit hour increase was suggested (4.2 percent increase) to help

offset the declining revenues from the state. After much discussion, the Board of Trustees Finance Committee recommended a \$5 per credit hour increase (7.1 percent increase). This increase will generate approximately \$125,000 of additional income for the 2011 fiscal year. A fee structure change that would affect nursing students was also discussed. Increases in assessment fees were recommended due to an increase in the contract price for the proficiency tests taken each semester by the LPN and RN students. The assessment fee for the LPN students will increase from \$60 to \$75 per semester and from \$60 to \$100 for RN students. The income generated from the increase in fees will be used to offset the corresponding rate changes charged by the testing company. Both increases would be effective for semesters beginning on or after July 1, 2010.

Discussion Item A.4 – Adjunct Salary and Travel Reimbursement Rates

Adjunct faculty at Ozarka College are currently paid \$450 per credit hour. Ozarka also reimburses adjunct faculty for mileage driven to and from the campus. Recent surveys of two year institutions in the state revealed that Ozarka College has the lowest faculty pay rate in the state, as well as being the only institution that pays mileage to adjuncts. To better align the College with its peers, Dr. Dawe recommended that Ozarka College raise the adjunct faculty pay rate from \$450 to \$500 per credit hour and that as an offset to the pay increase the College no longer reimburse adjunct faculty for mileage with the exception of clinical instructors.

Discussion Item A.5 – Cost of Living Adjustment

Dr. Dawe recommended a two percent cost of living adjustment for the 2010–2011 fiscal year. This will be effective for all faculty, staff and administrative personnel. The Committee discussed a three percent increase. Dr. Dawe pointed out that due to hard economic times and significant cuts in the Higher Education budget by the state this year, Ozarka College was one of only two colleges in the state that planned to give employees a cost of living adjustment.

Presentation of the 2010-2011 Budget

Mrs. Wheelis presented the budget to the Committee. Items discussed were the unrestricted budget, restricted budget, plant funds, faculty salary schedule, unrestricted funds salary schedule, restricted funds salary schedule, fringe benefits narrative, expenditures by budget category, expenditures by functional classification, and expenditures by departmental request. The Committee asked that the budget be revised to reflect the recommended change in the tuition rate.

The meeting was adjourned at 3:55 pm.