

Ozarka College
Board of Trustees
Finance Committee Meeting
Tuesday, May 4, 2021
Conference Room – Administration Building
10:00 a.m.

Item No.

1. Call to Order
2. Approval of Minutes from April 28, 2020
3. Discussion Items
 - Operating Reserve Requirement
 - COLA/Act 496 The Higher Education Uniform Classification and Compensation Act
 - 2020 – 2021 Operating Budget
4. Adjournment

Ozarka College
Board of Trustees
Finance Committee Meeting
Discussion Item – 2022 Operating Reserve Requirement

Rationale:

Ozarka College maintains an operating reserve balance funded at 6% of the annual operating budget. Board approval is required to increase or decrease the minimal funding level and/or access the funds for operating purposes.

Based on the proposed 2022 operating budget, the following illustrates the funding level required and the additional funding needed to maintain the operating reserve at various levels:

Rate	Balance Required	Additional Funding Needed
6.0%	\$ 524,244	\$ 15,544
7.0%	\$ 611,618	\$ 102,918
7.5%	\$ 655,305	\$ 146,605
8.0%	\$ 698,992	\$ 190,292

The current amount in the Operating Reserve Balance is \$508,700. This equates to thirty (30) days of covered payroll costs.

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Discussion Item – COLA/Act 496 The Higher Education Uniform Classification and
Compensation Act

Rationale:

Act 496 of the 93rd General Assembly amends the higher education uniform classification and compensation act to reclassify positions, establish a new pay plan and adjust for wage compression created by adjusting the state minimum wage rate to \$11.00 per hour over the past three years.

Effective, July 1, 2021, each classified employee's salary must be adjusted to the minimum annual salary amount for their respective grade. If an employee's salary is already at the minimum, a two percent (2%) increase may be given to fully implement the pay plan and reduce the impact of the wage compression caused by the increase in the minimum wage rate.

Due to the uncertainty surrounding Covid, a one-time, lump sum merit payment was given to employees for the 2021 fiscal year. This payment did not increase the base rate of pay for our faculty and staff.

To implement Act 496 and create consistency between classified and non-classified pay adjustments, a 2% cost of living adjustment for all eligible employees was included in the proposed operating budget for fiscal year 2022.

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Discussion Item – 2022 Operating Budget

Rationale:

The 2022 Operating Budget has been completed and is presented for your review.