

Ozarka College
Board of Trustees
Finance Committee Meeting
Thursday, May 5, 2022
President's Conference Room – Administration Building
10:00 a.m.

Item No.

1. Call to Order
2. Approval of Minutes from May 4, 2021
3. Discussion Items
 - Tuition Increase
 - Aviation Practicum Fee Increase
 - COLA
 - Operating Reserve Requirement Discussion
 - 2022 – 2023 Operating Budget
4. Adjournment

Ozarka College
Board of Trustees
Finance Committee Meeting
Discussion Item – 2023 Tuition Increase

Rationale:

Ozarka College has not increased tuition and/or mandatory fees since FY2018. We have been able to keep fees constant due to funding received from grants that helped offset start-up costs for new programs, personnel, and supply costs.

According to information obtained from the Arkansas Department of Higher Education, Ozarka currently has the third lowest tuition and fee structure in the state among the independent two-year institutions and is below the average cost for all two-year institutions. See attached information.

Due to a decreased enrollment over time, the rising costs of supplies and services for new technical programs and the need to retain qualified staff, an increase in tuition of \$3 per credit hour was included in the proposed budget. This increase in the hourly tuition rate will generate over \$56,000 in revenue.

Ozarka College
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Discussion Item – 2022 Aviation Practicum Fee Increase

Rationale:

The College currently has seven airplanes that are used for instruction purposes (five of which are leased and two that are owned by the College). As a result of rising industry costs and required changes in the hull value for the leased planes, insurance premiums have increased approximately 50% in the past three years. The premium increases are a nation-wide trend and not specific to our program. Fuel costs have also increased significantly in the past year.

To correctly cover the aircraft and pilot hours associated with each practicum and cover the costs of fuel, maintenance, and other operating costs associated with aviation program, effective July 1, 2023, the following changes to the fee structure will be implemented:

1. The flight/lab fee for AVIA 1104 (Private Pilot Practicum I) will increase from \$8,020 to \$13,500. This is an increase of \$5,480 or 68% for Practicum I.
2. The flight/lab fee for AVIA 2204 (Instrument Commercial Practicum II) will increase from \$15,312 to \$18,000. This is an increase of \$2,688 or 18% for Practicum II.
3. The flight/lab fee for AVIA 2213 (Commercial Pilot Practicum III) will increase from \$8,836 to \$13,500. This is an increase of \$4,664 or 53% for Practicum III.
4. The flight/lab fee for AVIA 2302 (Multi-Engine Commercial Practicum IV) will increase from \$14,738 to \$18,000. This is an increase of \$3,262 or 22% for Practicum IV.

The total fees for all four practicums will increase by \$16,094 or 34%. The fee increases will incorporate required training materials and testing fees that students are currently required to pay for out-of-pocket at the end of the semester and eliminate the \$500 per semester program fee that is now being assessed to each student.

This increase will still keep us as the lowest cost college aviation program in the nation. Most of our students have the majority of costs covered by the AR Futures Grant. See the attached program cost summary.

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Discussion Item – 2023 COLA

Rationale:

Act 599 of 2017 created the Higher Education Uniform Classification and Compensation Act and amended by Act 763 of 2020. Under this Act, the administration and management of the Uniform Classification and Compensation System moved from the Department of Finance and Administration - Office of Personnel Management (DFA - OPM) to the Arkansas Division of Higher Education (ADHE). As part of that responsibility, the Director of the ADHE can provide written approval to institutions of higher education to provide a COLA of up to two percent (2%).

Any COLA greater than two percent (2%) must be approved by the Director of ADHE after review by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

Due to the rising cost of inflation that the country is experiencing and to help retain staff, a three percent (3%) cost of living for all eligible employees was included in the proposed operating budget for fiscal year 2023. The increase will be offset in part from savings created from retirements and the elimination of some part-time positions.

Ozarka College
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Discussion Item – 2023 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 2023 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%	\$ 535,740	\$ 11,440
7.0%	\$ 625,030	\$ 100,730
7.5%	\$ 669,675	\$ 145,375
8.0%	\$ 714,320	\$ 190,020

The current amount in the Operating Reserve Balance is \$524,300. This equates to thirty (30) days of covered payroll costs.

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Discussion Item – 2023 Operating Budget

Rationale:

The 2023 Operating Budget has been completed and is presented for your review.