

Ozark College
Board of Trustees
Finance Committee Meeting
Thursday, May 6, 2010
President's Conference Room – Administration Building
2:00 p.m.

Item No.

1. Call to Order
2. Discussion Items
 - A. Finance
 1. Designated reserve balance
 2. Year end cash allocation
 3. Tuition and fee structure
 4. Adjunct faculty salary and travel reimbursement rates
 5. Cost of living adjustment
 - B. 2010 – 2011 Operating Budget
3. Adjournment

Ozark College
Board of Trustees
Finance Committee Meeting
Discussion Item A.1 – Designated Reserve Balance

Rationale:

The College does not have a designated reserve balance at the present time. Although conservative fiscal management during the past has created a cash balance that has been referred to unofficially as reserves, a separate and designated amount has never been established.

To ensure the finances of the College are effectively managed and that the College can continue to operate during challenging economic conditions, a designated reserve should be established. The President and Vice President for Finance recommend that a designated reserve equal to eight percent of the unrestricted operating budget be established and maintained each fiscal year. This threshold may be adjusted at the discretion of the Board of Trustees in response to changing economic conditions from year to year.

The designated reserve would be available for use only upon approval by the Board of Trustees for priorities recommended by the Administration.

Ozark College
Board of Trustees
Finance Committee Meeting
Discussion Item A.2. – Year End Cash Allocation

Rationale:

To provide transparency and consistency with the allocation of cash accumulations resulting from budgeted revenues and expenditures during the year, it is recommended that a hierarchy of distribution be established.

When actual revenue collections at year end (as identified on a cash basis and recorded on the June Financial Report) exceed expenditures, the balance will be allocated/transferred in the following manner until the year end cash accumulation has been depleted:

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 Physical Plant Fund account for future construction, renovation and equipment needs.
3. The balance will be moved forward and incorporated into the next fiscal year's budget and used to fund 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.

Changes to the annual operating budget resulting from the allocation of the year end cash accumulation will be identified and approved by the Board of Trustees.

Ozark College
Board of Trustees
Finance Committee Meeting
Discussion Item A.3 – Tuition and Fee Structure

Rationale:

Although some higher education institutions have increased tuition on a yearly basis, Ozark College has maintained the current tuition rate of \$70 per credit hour since July 2008. In the 2010 fiscal year, state general revenues declined resulting in a decrease of \$137,538 in funding for the College. It is anticipated that most, and likely, all other two year colleges in Arkansas will raise tuition to offset the reduced state funding.

Administration recommends a five percent tuition rate increase from \$70 to \$73 per credit hour for the 2011 fiscal year. A five percent tuition rate increase would generate approximately \$75,000 of additional income to be used for increased course offerings and services for students.

A fee structure change for the LPN and RN assessment fee is also recommended. This change results from a contract rate increase for services provided by the testing company. Proposed changes are from \$60 to \$75 per assessment for LPN students 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.

Ozarka College
Board of Trustees
Finance Committee Meeting
Discussion Item A.4 – Adjunct Salary and Travel Reimbursement Rates

Rationale:

A salary survey of two-year institutions revealed that Ozarka College had the lowest adjunct faculty rate in the state. Salary rates for adjunct faculty pay vary across the state from a low of \$450 to a high of \$675 per credit hour. Another recent survey indicated that Ozarka College was the only institution in the area currently reimbursing adjunct faculty for mileage driven to and from the campus.

To remain competitive and provide quality instruction the Administration recommends that the adjunct faculty pay rate be increased from \$450 to \$500 per credit. The total anticipated cost of this increase is approximately \$45,000 per year. In order to offset a portion of the increased salary cost and remain consistent with practices of other institutions, it is also recommended that the College no longer reimburse adjunct faculty for mileage.

These changes will more closely align Ozarka College with other institutions in the area and help recruit and retain qualified adjunct faculty.

Ozark College
Board of Trustees
Finance Committee Meeting
Discussion Item A.5 – Cost of Living Adjustment

Rationale:

Ozark College is fortunate to have such a dedicated and conscientious workforce. In recognition of this, the Administration recommends that a two percent cost of living adjustment be effective July 1, 2010 for all faculty, staff and administrative personnel.