

Finance Committee meeting

May 4, 2021

10:00 a.m.

Admin Building Conference Room

Present: Dr. Richard Dawe, Ryan Howard, Dennis Wiles Ben Cooper, Tina Wheelis, Amber Rush

Dennis asked if there was any discussion on the minutes from the October 8, 2020 finance committee. With no questions, the minutes were approved as presented.

Operating Reserve

Tina began the meeting with a discussion of the 2022 Operating Reserve. She explained that currently board policy states that a reserve balance of 6% is required. This would require \$15,544 of additional funding to maintain this level. She also presented the committee with information illustrating the additional funding required should the board decide to increase the reserve balance funding.

Tina went on to explain that the current procedure is to use any excess funds left over at the end of the year to fund the operating reserve. Thirty percent of the remaining excess would then go to the capital reserve fund and the remaining portion is used to fund items on the unfunded priority list. She explained that the college was tracking to end the year with a surplus and she is comfortable with keeping the operating reserve at 6%. After some discussion, the committee agreed that the operating reserve should remain at 6% for the upcoming year.

COLA

The next item on the agenda was the cost of living increase for FY 22. Tina explained that Act 496 amends the higher education uniform classification and compensation act to reclassify positions, establish a new pay plan, and adjust for wage compression created the increase in the minimum wage rate. This will result in each classified employee's salary being adjusted to the minimum salary amount for their grade. If an employee is already over the minimum for their grade, they will be given a 2% increase to fully implement the pay plan and adjust for wage compression.

She reminded the board that last year, due to the uncertainty surrounding the pandemic, the board approved a one-time merit payment be given rather than a cost of living increase. It was her recommendation that a 2% COLA be given to all eligible employees to fully implement the new pay plan and to maintain consistency between classified and non-classified pay adjustments. She explained that the budget being proposed had the 2% increase included. Dr. Dawe recommended to the committee that the 2% COLA be approved because it helped Ozarka attract and retain employees and remain competitive with the local high schools.

Budget

The 2022 operating budget was presented for the committee's review. Dr. Dawe commended Tina's work in putting the budget together and noted that across all departments, Ozarka's faculty and staff had done an excellent job in assisting with the budget process.

Tina explained that the 2022 budget included lost revenue from the CARES Act funds, pledges from the foundation for the Ash Flat Technical Center, and category C funding from the state for FY 2021 which would not be released until June 30, 2021. She stated that while it was unusual to use these types of revenue to balance the budget, it was necessary because for the last 4 years Ozarka has not increased tuition or fees.

She presented the committee with a list of several expenditures that were removed from the budget. Among these were several items of equipment, employee travel to the ACC conference which will be held virtually next year, and the paving of the parking lot at the Ash Flat Technical Center. She explained that these items would be added to the unfunded priority list and would be addressed should there be a surplus at the end of the fiscal year.

Discussion

The committee discussed the current operating budget as well as the status of the Ash Flat Technical Center project. Tina gave a brief update of the timeline of the project and stated that the goal was to have the machining facility in operation by August 2021 and the welding facility ready for students for the spring 2022 semester.

With no other discussion, Dennis Wiles recommended that the 2022 operating budget be recommended as presented to the full board at the May meeting.

The meeting was adjourned at 11:15 a.m.