Finance Committee Meeting

May 10, 2016

2:00 pm

President’s Conference Room

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

The meeting was called to order at 2:00 pm by Dennis Wiles.

Ben Cooper made a motion to approve the minutes from the February 18, 2016 meeting. Ryan Howard seconded. The motion passed.

1. **Convenience Fee:** Tina Wheelis began the discussion of instituting a 2.75% convenience fee for all credit and debit card transactions. She explained that growth in the number of online payments the College received had led to increase costs associated with handling credit and debit card payments. She explained that currently the College uses Braintree Payment Systems to act as the third party processor for all credit and debit card payments, and they currently assess a fee of 2.7% of the total transaction amount plus a $0.30 per transaction fee. These fees cost the College over $10,000 per year.

Dennis Wiles asked what the average online payment was. Amber Rush responded that the College uses Braintree Payment Systems to handle both bookstore payments as well as payments on student accounts. She estimated that the average student payment was $1000.00, while the average bookstore payment was $250.00. Dennis estimated that the convenience fee would cost students roughly $30.00. The committee agreed that the item should be recommended to the full board at the next meeting.

1. **2016-17 Cost of Living Adjustment:** Dr. Dawe explained to the committee that funds had been budgeted to provide all College personnel with a 1% COLA for the upcoming year. He explained that the State currently dictates whether or not COLA’s or merit pay can be awarded to classified staff. If a COLA was not approved by the State for 2016-17, but merit pay was approved at a later time, fund had been set aside to allow for those increases as well. Ryan Howard made the motion that the committee approve the COLA increase. Ben Cooper seconded the motion. The 2016-17 COLA was approved pending State approval.
2. **2016-17 Operating Budget:** Tina Wheelis began the discussion of the 2016-17 Operating Budget by pointing out that there was no increase in tuition or fees for the upcoming year. She explained that the proposed budget was based on the current year’s actual enrollment. Dr. Dawe explained that he felt that this was a very conservative approach given the fact that projections for 2016-17 were showing a significant increase in enrollment.

Tina explained her method for budgeting revenues for program fees, sales tax and cafeteria sales. She pointed out that a significant change in the 2016-17 Operating Budget was in the area of the bookstore. She noted that the bookstore will be outsourced beginning in July of 2016 to BBA Solutions. She explained that the amount budgeted for bookstore revenue reflected the estimated commission Ozarka will receive from BBA for book sales as well as the inventory buyout that will occur when the company takes over the bookstore operations. Tina noted that the overall budgeted revenue in the proposed operating budget had decreased over $1 million.

Ben Cooper noted that the supplies line item in the expenditure category had decreased nearly 33%. Tina explained that this was primarily due to the outsourcing of the bookstore. She also noted that the salaries and benefits line item had decreased. This was due to the fact that there were 7 full-time position that were not filled after these positions had been vacated last year.

Tina went on to discuss the new method for submitting budget requests that had been employed for the first time on the 2016-17 Operating Budget. She explained that as departments filled out their budget requests they assigned an A, B or C category to each expenditure, with A being the highest priority and C being the lowest. She noted that this had helped identify areas that could be cut without affecting the overall operations of each department. She explained that if enrollment increased those items in the C category that had been removed from the budget may get added back in when funds became available.

Dennis Wiles asked what the procedure was for setting aside funds for the operating reserve. Tina explained that those funds were in a separate account from the College’s actual operating account. Dennis asked if the minimum reserve requirement had decreased over the course of the past several years. Dr. Dawe explained that the Board sets the operating reserve minimum and that in the past it had been as high as 7%. Currently the minimum requirement was 5% of the total operating budget which he felt was still conservative. Dennis asked the committee what their thoughts were on the 5% minimum requirement. Ben Cooper stated that he felt that this was the correct amount given the financial conditions at this time and that he had expected the minimum to decrease when the Board had set the requirement in place 12 years ago.

Ryan Howard asked if the total revenue budgeted was based on actual or projected amounts. Tina explained that she used actual credit hours in the current fiscal year to project the next year’s numbers. Dr. Dawe explained that despite the conservative approach to the budget, he felt that the enrollment numbers for the upcoming semesters were going to be well above what was budgeted based on indicators for fall and summer. Dennis Wiles asked what processes were in place to identify excess funds and how they would be used. Dr. Dawe explained that the mid-year review process was a valuable tool for assessing priorities in the event of a budget shortage or overage. Tina also stated that she uses the board budget report that is sent out each month to review and compare up to 3 years of data. She explained that this report helps her identify where the College is each month in relation to budgeted revenues and expenditures. She explained that in the past 2 years the budget has been off by less than 1%.

Dennis Wiles made the motion to approve the 2016-17 Operating Budget. Ben Cooper seconded. The motion passed.

Dr. Dawe thanked Tina for all her hard work on the budget and commended the various departments that contributed to help make the new process a success.

With no further business, Dennis Wiles made a motion to adjourn the meeting. Ben Cooper seconded. The meeting was adjourned at 3:11 pm.