

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE
June 4, 2008

A meeting of the Finance Committee was held in the President's Office conference room #215 of Administration Hall on the Owens Community College Toledo-area Campus.

Call to Order – Finance Chair Jack Sculfort called the meeting to order at 3:05 p.m., and directed the record to show that the Finance Committee meeting was held in accordance with the Ohio Revised Code, Chapter 3358, and the policies of the Board of Trustees.

Roll Call – Roll Call was taken and the following committee members were present: Mr. Jack Sculfort, Dr. Ron McMaster, Mr. Rich Rowe (3).

Board Chair John C. Moore and Vice Chair Dee Talmage were also present. Mr. Allan Libbe came later in the meeting, as noted in the minutes.

Attendees – The following administrators were in attendance at today's meeting. Mr. John Satkowski, Ms. Pat Jezak, Ms. Laurie Sabin, Mr. Gene Lapko, Dr. Paul Unger, Dr. Cynthia Eschenburg and Mr. Tom Reed.

Mr. Sculfort announced that an executive session would be held once everyone arrived.

Approval of Minutes – The minutes of the April 23, 2008 meeting were previously reviewed and stand approved as submitted.

State Funding Update – John Satkowski reported that the state funding situation remains status quo. Since the Governor's executive order on reductions was issued, the fiscal year 2008 state share of instruction (SSI) was protected and there has been no changes announced for fiscal year 2009 (FY 09) state share of instruction, which was promised for a 10 percent increase over the previous fiscal year. Mr. Satkowski stated that the final form of the State capital budget has not been signed off; however, Owens Community College is set to receive \$6.2 million for fiscal years 2009 to 2010. Owens did fairly well.

Mr. Sculfort confirmed with Mr. Satkowski that the State is currently in its second year of the biennial operating budget. Mr. Sculfort commented that a political consultant who spoke at the OACC conference in May projected budget shortfalls for Ohio. Mr. Satkowski commented that the state's tax revenue values are meeting the budgeted projections; however, the growth for FY 09 is the issue.

Budget Reviews

Revised Fiscal Year 2008 Budget – Mr. Satkowski reviewed the requested adjustments to the revised fiscal year 2008 budget, which are minor. The operating balance surplus is less than anticipated, as last January’s actual salary increases were slightly more than originally projected in the adopted budget.

Mr. Sculfort asked if the drive for energy efficiencies impacted utility expenses in the budget, and Mr. Satkowski confirmed that the College has experienced cost savings.

Mr. Libbe arrived at the meeting.

Mr. Sculfort asked about the growth in retained earnings. Mr. Satkowski replied that there was a net increase in assets for the capital and auxiliary funds, which will be adjusted at the end of the fiscal year. The Penta closing is scheduled for June 30. It will add to it, and depreciation will be decreased.

Mr. Sculfort asked about the net assets impact on the Senate Bill 6 financial ratios. Mr. Satkowski responded that he expects the College’s ratios will be about the same or a little better for fiscal year 2008.

Preliminary Fiscal Year 2009 Budget – Mr. Satkowski presented the preliminary fiscal year 2009 budget and noted that the operational balance is projected to be a surplus of \$1 million.

Dr. Unger arrived at the meeting.

Mr. Satkowski presented the revenue estimates and forecasts including budgeting for an 8 percent increase in State Share of Instruction, no increase for tuition and fees, and a 2 percent increase in enrollment growth for each campus. It was noted that revenue for workforce development has increased as the division members have become more aggressive in marketing the programs. Mr. Satkowski noted that the budget reflects revenue growth to be up by \$4 million.

Mr. Satkowski presented the expense estimates and forecasts, including savings projected for utilities due to the energy metering project, and for health care due to self-insured worker’s compensation. Mr. Satkowski noted that the savings are being re-budgeted to other areas that impact the goals of the strategic plan. Mr. Satkowski explained that the child care transfer (subsidy) will be covered by auxiliary funds, not the general operating funds. Transparency line items in the budget include legal expenses for special counsel and operating funds for the Owens learning center located at The Source.

Mr. Satkowski reviewed the positions being budgeted including 8 new academic positions with 4 being faculty positions and 10 new operational support positions. There are 39 positions on the “A” list and there are 42 vacant positions that are included in the budget.

Mr. Rowe asked about the drop in money market revenue, and Mr. Satkowski explained that the trend is currently down and is projected to continue downward. Mr. Satkowski confirmed to Mr. Rowe that the College invests in certificates of deposit. Ms. Sabin added that the College currently acquires short term CD's.

Dr. McMaster made a motion for the Finance Committee to recommend a resolution to approve the revised fiscal year 2008 budget to the full Board of Trustees. Mr. Libbe seconded the motion. The motion was adopted following a voice vote.

Mr. Rowe made a motion for the Finance Committee to recommend a resolution to approve the preliminary fiscal year 2009 budget to the full Board of Trustees. Mr. Libbe seconded the motion. The motion was adopted following a voice vote.

Mr. Sculfort will present the recommendations at the June 10 Board of Trustees meeting.

Audit Planning – Mr. Satkowski stated that the Finance staff held a preliminary audit meeting with auditors, Plante and Moran. The auditors will begin field work at the end of July and will continue through mid-September. Mr. Satkowski confirmed that the auditors will conduct the standard surveys with the Board Chair and Vice Chair. This is the fourth year of the 5-year contract with Plante and Moran.

Ms. Sabin and Mr. Reed left the meeting.

EXECUTIVE SESSION

Mr. Sculfort announced an executive session for discussion of matters related to personnel. Dr. McMaster made a motion to adjourn to executive session for the reason specified. Mr. Libbe seconded the motion, and Mr. Sculfort called for a roll call vote. Roll Call: Jack Sculfort, yea; Allan Libbe, yea; Ronald McMaster, yea; and Rich Rowe, yea; (4).

Upon return from executive session, roll call was taken and the following members were present: Mr. Sculfort, Mr. Libbe, Dr. McMaster, and Mr. Rowe (4).

Health Care Plan Proposal – Mr. Lapko presented a proposed health care plan design for employees earning \$84,000+salary. He stated that the effective date will be either September or October 2008. He reviewed the significant proposed changes including an increase of employee contributions for deductibles and moving from a two-tier structure to a three-tier structure of prescription copays. The proposal encourages lower cost generic prescriptions. The employee population for the proposal consists of 26 administrators, and the annual cost savings to the College is estimated to be \$21,000. Mr. Lapko explained that if the proposal (on a sliding scale based on employee salaries) was put into effect for all non-bargaining employees, then the estimated annual cost savings would be \$325,000, and this estimate would double if the proposal was accepted for all bargaining employees.

Mr. Lapko extended his appreciation to the Trustees for the opportunity to work on initiatives that impact employee and labor relations.

Mr. Satkowski commented that HR will communicate the proposed design changes to the 26 employees.

Mr. Moore commented on the need to change the health care culture at the College. Mr. Lapko agreed and stated that HR is currently working on various wellness approaches.

Other

Penta Update – Mr. Satkowski provided a brief update on the preparations for the June 30 closing. The Controlling Board approved the real estate acquisition and state funds are expected to be released on June 27.

Human Resources Audit Status – Mr. Satkowski distributed the schedule for the human resources quality improvement audit. It is currently 70 percent complete. The audit is being done by Rahmberg Stover and Associates.

Mr. Sculfort left the meeting. Dr. McMaster presided.

Arrowhead Lease Update – Mr. Satkowski stated that the lease of the facilities at Arrowhead Park was finalized and signed. The College is now planning with consultants to begin construction. The target date for opening is January 2009.

Insurance RFP – Mr. Satkowski stated that a request for proposals for insurance was advertised for a one-year contract, with a two-year renewal. Business Affairs has received three proposals.

Child Care Fees – Mr. Satkowski presented a proposal to increase the fee schedules for the Toledo and Findlay Child Care Centers. The increases will bring the rates for child care more in line with the market place, and Mr. Satkowski noted that the community rates are still below the market place rates. Mr. Satkowski commented that the on-campus child care is a value to our students and employees.

Mr. Libbe made a motion for the Finance Committee to recommend a resolution to approve the fee increases for the Toledo and Findlay Child Care Centers to the full Board of Trustees. Mr. Rowe seconded the motion. The motion was adopted following a voice vote.

Adjournment – As there was no further business to discuss, Dr. McMaster declared the meeting adjourned at 4:10 p.m.

ATTEST

Patricia Jezak

Secretary to the Board of Trustees

APPROVED 09-18-2008