

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE
September 1, 2009

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 Rich Rowe called the meeting to order at 10:05 a.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. Allan Libbe, Dr. Ron McMaster and Mr. Rich Rowe (3).

Board Chair John Moore, Vice Chair Dee Talmage and Trustee Dave Habegger were also present.

Attendees – The following administrators were in attendance at today's meeting: Dr. Christa Adams, Mr. John Satkowski, Ms. Pat Jezak, Dr. Paul Unger, Dr. Cynthia Eschenburg, Ms. Laurie Sabin, Ms. Natalie Jackson and Mr. Brad Meyer. Ms. Meghan Gilbert, Toledo Blade, and Ms. Marie Thomas, Sentinel Tribune were also in attendance.

Approval of Minutes – The minutes of the May 27, 2009 meeting were previously received, and Trustee Rowe declared that the minutes stand approved as submitted.

State Budget and Funding Update – Mr. Satkowski reviewed the effect of the reductions of the State Share of Instruction per Ohio's final biennium budget for FY 2010 and FY 2011. The State budget mandates that a portion of FY 2010 SSI is to be deferred to the next fiscal year. The impact on Owens is that \$1.9 million in SSI will be deferred from FY 2010 to FY 2011. In addition, the College's SSI allocation is being reduced by more than \$700,000 for each fiscal year. With the College's growth in enrollment, the impact of State support per student is being reduced from the FY 2009 level of \$3,947.12 to \$3,315.70 for FY 2010 and \$2,885.26 for FY 2011.

Dr. Unger provided an unofficial Fall 2009 enrollment report of 23,606 in student headcount and 12,988 in student FTE. The FTE for Fall 2009 has increased by 17 percent over the previous fall semester.

Mr. Satkowski reviewed the effect of potential tuition adjustments on revenue for FY 2010 and FY 2011. The SSI allocation for FY 2010, after the reduction and after the deferral, lessens the "cushion" that was built into the College's budget in anticipation of executive order cuts, should there be any, by the Governor. The budget cushion was \$2.3 million, which will be diminished to \$403,707. Mr. Satkowski emphasized that the College needs to increase revenue in addition to achieving cost savings and efficiencies that are assumed in the FY 2010 budget.

Overall, the College is currently projecting less revenue for FY 2010 and FY 2011, as compared to FY 2009:

Budgeted Revenue	FY 09 Revenue	FY 10 Revenue	Budgeted FY 11 Revenue	Budgeted
SSI	\$44,207,729	\$43,045,232 ↓	\$41,557,000 ↓	
Tuition	\$32,697,500	\$33,348,000	\$33,348,000	
Total:	\$76,905,229	\$76,393,232 ↓ (0.67%)	\$74,905,000 ↓ (1.95%)	

Tuition Review - Mr. Satkowski discussed the recommendations of closing the open tuition window of the 13th and 14th credit hours and increasing the tuition to the cap of 3.5 percent, effective for Spring Semester 2010 and then increasing tuition by 3.5 percent again, effective for Summer Semester 2010. With these combined tuition adjustments, the College could generate annualized revenue of \$4.2 million. President Adams commented that Mr. Satkowski’s foresight on the budget development prepared the College for the shortfall in State funding, which is unfortunate, yet understandable. She continued stating that fortunately, the State has opened the opportunity for tuition modifications and provided a cap on tuition increases. She said that the Chancellor understands that Owens, while being fiscally strong, does operate on limited revenue, and he supports modifying the tuition window. Mr. Satkowski stated that the College will continue to be ranked among the most affordable institutions in the State.

Mr. Satkowski explained that he will be recommending that the College take full advantage of the 3.5 percent cap on tuition, which will be a \$4.30 increase of the per credit hour rate of \$123. He stated that if the College rounds the rate down to the nearest dollar, then the College would be forfeiting \$300,000 in potential annual revenue. He commented that the pennies do add up.

Trustee Rowe commented on the other governmental entities that have had to make layoffs and implement furloughs for employees. He questioned that with today’s economy and the decrease in State funding is the College past the “line in the sand” making it necessary to increase tuition. Mr. Satkowski stated that the College has saved millions of dollars in efficiencies and through collaborative consortiums; the College needs to take action during this window of opportunity. Tuition has not been increased since 2006. The College’s SSI revenue has dropped. The College is “not out of the woods” because of the uncertainty of the State’s revenues for fiscal years 2010, 2011 and 2012. He recommended that action should be taken to implement tuition changes for Spring Semester 2011. Trustee Libbe asked if student collections will increase or will collections become an issue. Laurie Sabin responded no, and that the rate of collections has stayed the same, despite the increased enrollment of students.

Trustee Moore commented that the Board, the President and the Treasurer have done a good job in looking ahead, but the College does not have any control with respect to the condition of the national and state economy. He stated that down the road, the Board may have to make even stronger decisions. President Adams commented that she agrees with the College’s budget planning, especially with the growth and activity that the College sustains and the fact that the Board has not increased tuition in three years. This is the first opportunity that the State is allowing tuition to be modified, and the College has produced tangible efficiencies as mandated by the State. She stated that the College has a leadership team that works well together, and the College has been able to grow programs, while serving more students, without making layoffs or adding more staff. Dr. Unger commented that Academic Services and Business Affairs collaborated on reviewing class sections and the changes made have probably saved the College about \$1 million. Trustee McMaster commented that the historical perspective is the diminishing State support, and the Board has learned in the past, that if the College doesn’t take the opportunity to increase revenue then student support will continue to decline over time.

Trustee Rowe thanked everyone for the discussion on tuition, and the confirmation that the College is very lean at this time. Trustee Rowe asked if the Board Finance Committee members would like to forward recommendations on tuition to the full board at the September 8 regular meeting.

Mr. Libbe made a motion for the Finance Committee to present the President's and Treasurer's recommendation of a 3.5 percent increase in tuition, from \$123 per credit hour to \$127.30 per credit hour, effective Spring Semester 2010, to the full Board of Trustees. Dr. McMaster seconded the motion. The motion was adopted following a voice vote.

Dr. McMaster made a motion for the Finance Committee to present the President's and Treasurer's recommendation of modifying tuition by applying the per credit hour rate for the 13th and 14th credit hours, to the full Board of Trustees. Mr. Libbe seconded the motion. The motion was adopted following a voice vote.

Mr. Satkowski stated that the Chancellor has verbally affirmed his intention to authorize the tuition modification since it will only impact 18 percent of the entire student population.

Current Financial Statement Review – Mr. Satkowski presented the year-to-date financial statements as of July 31, 2009.

Updates – Laurie Sabin provided an update on the audit. She stated that it is on schedule, and they are currently working on fixed assets. The audit is going smoothly, and they do not expect any adjustments at this time.

Mr. Satkowski provided an update on the energy strategic plan. The consultants, Orbital, will be issuing a request for proposals in the next few weeks. He stated that they are still exploring financing of \$8 million, possibly through a loan. He will discuss finance options in detail at the November 2 Finance Committee meeting. He stated that the College has locked in utility rates with First Energy for the next 22 months. The consortium has saved about 14 percent in utilities to date. The staff is still evaluating the savings produced from the 4-day work week. The staff would also like to follow up with surveying the employees and seeing what can be done to improve the program, if offered next summer.

Mr. Satkowski announced that he'd like to provide an oral update of the options for health care providers, expected to transition, effective January 1. Trustee Moore withdrew and left the room due to a conflict of interest. Mr. Satkowski summarized that Aetna has been the College's health care provider for 19 years. The end of contract is December 31, 2009. He stated that he and Gene Lapko worked with Findley Davies to issue a request for proposals for providers of prescriptions and major medical. He stated that changing providers to the low bidders could save about \$1.4 million over five years. In addition, he stated that the College has been working with Bowling Green State University and the University of Toledo to form a health care consortium. It would be to the colleges' advantage to maximize the collaborative relationship and drive down health care costs. Trustee Rowe asked about the potential of disruption to employees' preferred physicians. Gene Lapko responded that the disruption would be about 2 percent; mainly affecting specialists or geographic outliers.

EXECUTIVE SESSION

Mr. Rowe announced an executive session for discussion of matters related to collective bargaining with the Owens Faculty Association. Mr. Libbe made a motion to adjourn to executive session for the reason specified. Dr. McMaster seconded the motion, and Mr. Rowe called for a roll call vote. Roll Call: Allan Libbe, yea; Ronald McMaster, yea; and Rich Rowe, yea (3).

Mr. Meyer, Ms. Gilbert and Ms. Thomas left the meeting. Trustee Moore returned. Ms. Jackson arrived.

Upon return from executive session, roll call was taken and the following members were present: Mr. Libbe, Dr. McMaster and Mr. Rowe (3).

Adjournment – As there was no further business to discuss, Trustee Rowe declared the meeting adjourned at 11:25 a.m.

ATTEST

Pat Jezak

Secretary to the Board of Trustees

APPROVED 11-2-2009