

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
July 13, 2020

A meeting of the Finance Committee was held by videoconference and limited in-person members of the Board of Trustees, in accordance with the policies of the Board of Trustees, Ohio Revised Code, Section 121.22 and Chapter 3358, Ohio executive orders and Section 12 of Am. Sub. House Bill 197, as signed by the Ohio Governor. A public link to the videoconference was provided on the public meeting notice on the College's website.

Call to Order – Jason Johnson called the meeting to order at 9:04 a.m.

Roll Call – Roll Call was taken, and the following committee members were present: Jason Johnson, Ed Nagle, and Rita Russell (3).

Mr. Johnson commented that the main focus was for a working session to amend the Delegation of Authority during the interim period without a permanent president and for an update on state funding.

Approval of Minutes – The minutes of the May 26, 2020 meeting were sent in advance and hearing no corrections, Mr. Johnson declared the minutes accepted as submitted.

DELEGATION OF AUTHORITY WORKING SESSION

Mr. Johnson requested input from members of the Finance Committee and college administration on the review of the Delegation of Authority spreadsheet for amendment during the short term to mitigate risk of cash flow. Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, suggested that the column under president-required approvals to guide the review. The process of contract review was discussed, including that all contracts are reviewed by General Counsel and all contracts are signed by the Treasurer, and the review process follows an approval process checklist. It was noted that the contracts that require Board of Trustees approvals, are directed by Ohio Revised Code. Lisa Nagel, General Counsel/Vice President, Administration, commented on the checklist approval signatures from the department head, division vice president, other areas that may be affected by the contractual obligation; then legal review to address language required by state law with the vendor's legal counsel with a sign off from General Counsel, and then the signature of the Treasurer and for in significant contracts, the signature of the President.

The approval process of purchase requisitions was discussed, which is dictated by the 3358:11-4-12 Purchasing Policy. Non-routine purchase of \$50,000-\$100,000 require President approval; non-routine purchase of \$100,000 and more require Board approval. Mr. Nagle asked about the frequency of the \$50,000-\$100,000 non-routine purchase requisitions, which Mr. Ganues commented typically for equipment or some professional services. In response to Ms. Russell's question of what necessitates a contract review, Ms. Nagel commented that every contract goes through the review process regardless of the dollar amount or even if there is no dollar amount associated with it, as long as it has a bearing on academics or student services. President Steve Robinson provided the historical context that the contract review process was begun due to contractual obligations made by past administrators that General Counsel was not aware of; General Counsel streamlined the contract review process with a template and reviews all terms and conditions of contractual agreements.

Mr. Johnson asked Mr. Nagle and Ms. Russell for their input from the perspective of having an Interim President in place. Ms. Russell commented, "If we do not allow the Interim President to step into the role fully, then it may impact the daily operations of the College. With the dollar controls in place for

purchases and contracts, the existing controls provide a check and balance to allow the College to do what it needs to do daily.” Mr. Nagle suggested an amendment under the Legal, Settlement of Lawsuits/Claims, change from amount of \$1 million to less than \$100,000 to report to the Board; and more than \$100,000 to be approved by the Board, as a safeguard for the interim period. President Robinson requested General Counsel Lisa Nagel to comment, which she commented there were no current matters, but she shared her concern of timing, if Board approval would be needed outside of the regular meeting schedule. In response to Mr. Johnson’s question of a monthly or quarterly average of settlements; Ms. Nagel commented that settlements are very few, and there have been less than five since she began her employment (2016) at the College. Mr. Ganues estimated an average of about one per year. In response to Mr. Johnson’s question of the average of non-routine purchases more than \$50,000, Mr. Ganues estimated an average of about 30-40 per year for non-routine purchases. Mr. Nagle commented that based on the discussion, he was ok with no changes to the purchase requirements/dollar amounts, which Ms. Russell also supported. Mr. Ganues confirmed that purchases between \$50,000 to \$99,999 are reported to the Board, in accordance with board policy. Mr. Johnson commented on his support of Mr. Nagle’s recommendation to amend the Legal section of the Delegation of Authority spreadsheet. In response to Mr. Johnson on timing of such matters, Ms. Nagel confirmed the requirements of the Board for approvals made as a committee of the whole in a public meeting.

Mr. Johnson asked for a motion to amend the Delegation of Authority, addressing the section of Legal, Settlement of Lawsuits/Claims, dollar amounts for the interim period with less than \$100,000 to be reported to the Board; and with more than \$100,000 to be approved by the Board, which was moved by Mr. Nagle and seconded by Ms. Russell. Following a voice vote, the motion was carried.

Then and Now Certification - Mr. Ganues requested to address the Board on the Then and Now Certification section that was added to the Delegation of Authority spreadsheet. The Then and Now Certification is required by Ohio Revised Code 5705.41(D)(1). He commented that for the most part when an invoice predates a purchase order, it is a violation based on timing. The Controller has a notification process to advise the budget authorities when this occurs. He noted Board approval requirement for amounts more than \$3,000, which are audited. Mr. Ganues commented on encouraging budget authorities to input purchase requisitions based on cost estimates, which is a cultural issue. Mr. Johnson suggested an action plan for an employee when recurrences happen to address liability, which Mr. Ganues confirmed that the policy language is clear that such liability is an employee’s responsibility; (3358:11-4-12 (C)(1) Purchasing Policy). **Mr. Johnson requested for the Finance Committee to review the Then and Now Certifications, prior to when a Then and Now recommendation is made to the Board of Trustees at a regular meeting.** President Robinson commented on the historical cultural shift for budget improvement, which Mr. Johnson acknowledged with strengthening controls.

STATE FUNDING UPDATE

President Robinson commented on the work of Governor DeWine and Chancellor Gardner for gathering input from the community college sector in the development of the state funding formula allocation for \$200 million in federal CARES funds. Mr. Ganues commented on that the State Controlling Board is expected to take action on Governor DeWine’s plan, July 13. Mr. Ganues commented that the allocation amount for Owens is pending; however, there should be a benefit from the part-time student weight in the formula.

From the 7-10-20 OACC Advocacy newsletter:

Acknowledging the added costs colleges and universities are having to incur due to the pandemic, Gov. DeWine announced a plan to provide Ohio's institutions of higher education with \$200 million from the Governor's discretionary funding provided through the federal CARES Act. The state Controlling Board is expected to release the funds at the next meeting on Monday, July 13th.

"We know that this costs money," Gov. DeWine said. "We know that COVID-19 prevention efforts, safety precautions, educating students this school year...will certainly be more expensive than it has in years past and it is a significant burden."

The DeWine Administration will allocate the aid to community colleges and universities based on a formula that includes Pell eligible students and provides an additional weight for part-time students. OACC strongly advocated that these important factors be included in the distribution formula to account for the unique student population that our colleges serve.

Mr. Ganues commented on the changes to the FY 2021 College budget from the State's change to the State Share of Instruction, as noted in the comments of Table 1.

Table 1

FY21 College Budget Update	Budget	Projection	Difference	Comments
SSI Change	21,190,500.00	25,580,983.00	4,390,483.00	Budget included 20% decrease. ODHE announced a 4.38% decrease.
Summer Tuition	2,654,888.23	3,490,587.81	835,699.58	Budget included 26% decrease. Summer is currently down 9%.
Fall Tuition	10,306,457.87	8,326,675.83	(1,979,782.04)	Budget included 2.4% decrease. Fall is currently down 20%.
	34,151,846.10	37,398,246.64	3,246,400.55	

Mr. Ganues cautioned that the College is still at a “yellow light” due to pending state tax revenue this fall. Mr. Ganues commented that he is optimistic but cautious, and he recommended that the College wait to do anything until the dollars are realized. In the future, he suggested that the Finance Committee revisit what might go to the bottom line; what might be restored; or what might go toward strategic initiatives. He commented that summer tuition revenue is down by 9 percent, less than the projected decrease of 26 percent, making a difference of \$835,699.58 in the FY 2021 budget.

Amy Giordano, Vice President, Enrollment Management and Student Services, commented on summer enrollment and the revised summer enrollment target, a decrease of 26 percent, which was developed in April due to the uncertainty caused by the pandemic. In revising the projection, the enrollment team looked at the student population of guest/transient students who take online classes with Owens to transfer back to their home institutions; and the course schedule with the face-to-face classes that were moved to online delivery. She commented that the College did better than anticipated with the targets due to the continuing student population who completed their spring semester classes and due to an increase in credit hour consumption. She also commented that while there was a decrease in guest/transient student population, some students were reclaimed when the Ohio Department of Higher Education (ODHE) allowed online labs for summer semester. Ms. Russell concluded that the benefit of summer enrollment was due to the continuing student population, and the increase in credit hours that may have offset the guests/transient student population enrollment. President Robinson commented on the impact of the pandemic for community colleges as a great leveler of instruction.

Mr. Ganues continued his comments on the revised fall tuition revenue projection for the FY 2021 budget at a 20 percent decrease over the prior fall semester 2019; about \$2 million decrease for the

budget, due to the uncertainty of the pandemic. He concluded with the net changes of SSI, summer and fall tuition revenue, he is projecting an overall positive impact of \$3.2 million.

Ms. Giordano commented on the variables outside of the College's control, the anticipated hit to the new student population, and the solid continuing student projection. She commented on the many activities across the College taking place to provide a safe instructional environment and course delivery options for the revised fall semester course schedule currently rolled out. She commented that Student Services offices are open both face-to-face and virtually to assist students. Families are being given personal tours. The delivery of products is a mix of face-to-face and online, including synchronous to provide a real-time virtual connection with faculty and students. As synchronous courses are filling, new sections are being opened. The application count is down as an indicating trend for new students. The conversion rate is also down due to the uncertainty of the pandemic. The Student Services Division is using tactics (social media, postcard mailing, working with stakeholders to recruit, and yard signs for visibility) to drive new student enrollment. Mr. Johnson commented on the further branding of the College through recruitment efforts. Classes begin on August 31; however, recruitment will continue during the first week of classes.

MAY FINANCIAL REPORT

Mr. Ganues reviewed the financial walkthrough of the financial report for the period ending, May 31, 2020. Mr. Ganues commented that there has been no word from the State on the next biennial capital bill, which confirmed his caution to revisit the FY 2021 budget at a later date. Mr. Johnson commended the team on cost controls during the financial walkthrough discussion.

Good of the Order – Mr. Nagle provided farewell wishes to President Robinson, who will begin his new presidency at Lansing Community College. Mr. Johnson also thanked President Robinson for the work done on the strategic plan. President Robinson commented on the vice president team, the Delegation of Authority to provide guidance to an interim president, and the financial standing of the College.

Adjournment – As there was no further business, Mr. Johnson declared the meeting adjourned at 10:12 a.m.

ATTEST

Patricia M. Jezak
Secretary to the Board of Trustees

Approved 9-22-2020