

OWENS COMMUNITY COLLEGE  
BOARD OF TRUSTEES  
FINANCE COMMITTEE  
May 27, 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 2:00 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. Allan Libbe, Dr. Ron McMaster and Mr. Rich Rowe (3).

Board Chair John Moore and Vice Chair Dee Talmage 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, Mr. Brian Paskvan, Ms. Laurie Sabin and Mr. Brad Meyer. Ms. Meghan Gilbert, Toledo Blade, was also in attendance.

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

**State Budget and Funding Update** – Mr. Satkowski stated that the State budget is a moving target. The modifications to House Bill 1 (budget bill) did not change the State Share of Instruction (SSI) funding. The Ohio Association of Community Colleges (OACC) is still working toward language to increase the FY 2010 and FY 2011 SSI to a 6 percent level for community colleges to be equitable with the universities. Mr. Satkowski stated that there is no language for a guarantee of a 3 percent "tuition buy down" for the required tuition freeze. He noted that guarantee language was always in prior budget bills. President Adams remarked that Chancellor Fingerhut and members of the Senate have verbally stated that the community colleges will receive an additional \$5 million; however, it is not in the budget bill yet. Mr. Satkowski stated that amendments to the budget bill are due today, May 27. He also stated that there will be no language in the budget bill on how the funds will be distributed. There is an OACC Presidents meeting on Friday, May 29 for the purpose of bringing all community colleges in agreement on how the SSI will be distributed among the two-year college sector. Thus far, the larger community colleges are proposed to receive less funding due to an across-the-board percentage formula. Mr. Rowe commented on colleges striving for the State's enrollment growth goal based on state funding that's been averaged on past enrollment figures. Mr. Rowe also asked if state funding is based on geographical factors such as Northwest Ohio being hit hard with high unemployment, and Mr. Satkowski replied no.

**FY 2009 Audit Planning Update** – Mr. Satkowski stated that his staff met with Plante and Moran auditors to set the audit schedule and fieldwork. They will begin preliminary work at the end of July and then come back in August. Mr. Satkowski advised Mr. Rowe that as Finance Committee Chair he would have a discussion with the auditors and respond to their standard questions.

**FY 2009 Revised Budget** – Mr. Satkowski stated that the revised budget for FY 2009 reflects a change in the operational balance from the projected \$1 million to actual \$400,000 due to additional funds needed for part-time and overload class sections and increased usage of utilities. He also stated that the faculty overload rate increased by 40 percent, effective Summer 2008, per the bargaining

agreement. Mr. Satkowski responded to Mr. Rowe’s question that the \$1.6 million bad debt is an accrual, and that he has a team working on ways to lower it. Ms. Sabin added that historically, the bad debt level has stayed the same even though the College serves more and more students. In addition, the staff is more efficiently collecting during the semester and promptly turning over the non-responders to the State at the end of the semester.

**FY 2010 Preliminary Budget Overview** – Mr. Satkowski stated that he will present a powerpoint presentation on the FY 2010 budget at the June 2 Board of Trustees meeting. He reviewed that they are budgeting 3 percent less for SSI based on the FY 2009 budget. This will keep the College in a comfort zone since the State revenue situation is uncertain. He stated that last year the State promised a 10 percent increase in SSI, and the College only budgeted for an 8 percent increase in SSI. The College was on target, especially after the State cut the Access Challenge funds. He stated that fiscal years 2010 and 2011 will be very difficult for the State of Ohio. There is no increase budgeted for tuition. He is projecting 2 percent growth in enrollment for Toledo and for Findlay. The Finance Committee members requested that a statement on tuition be recommended for the Board of Trustees at the June 2 regular meeting.

Mr. Satkowski stated that there are no increases being budgeted for salaries, and that any adjustments made to salaries would be through offsets from health care changes/savings. Mr. Satkowski explained that a 13.3 percent increase in faculty overload and adjunct faculty salaries is being budgeted as “growth” expenses. Mr. Satkowski compared the revenue budgeted from FY 2009 to FY 2010. He said that the variance is due to the drop in state support of Access Challenge and the decrease budgeted for SSI.

| <b>FY 10 Revenue Budget</b> | <b>FY 09 Revenue Budget</b> |
|-----------------------------|-----------------------------|
| \$89,071,831 ↓              | \$89,135,726                |

President Adams stated that the College is filling all faculty positions, and in fact, the College is the only institution in the area that has not had any employee layoffs because of the very conservative budgets that are approved by the Trustees. Mr. Satkowski explained that expenses are being reduced in travel, advertising, printing, and they are consolidating class sections.

| <b>FY 10 Expenditures Budget</b> | <b>FY 09 Expenditures Budget</b> |
|----------------------------------|----------------------------------|
| \$85,131,907 ↓                   | \$85,544,925                     |

Mr. Satkowski replied to Mr. Rowe that salary expenses are in line with revenue growth. He stated that salary expenses are about 70 percent of the total budget, and that this ratio is comparable to other Ohio colleges. Owens has the lowest cost per FTE in Ohio. The budget is allocated to accommodate more students so that the actual cost per FTE is lower.

**EXECUTIVE SESSION**

Mr. Rowe announced an executive session for discussion of matters related to collective bargaining and property. Mr. Libbe made a motion to adjourn to executive session for the reasons 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).

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

Ms. Talmage and Mr. Paskvan left the meeting.

**Compensation** – Mr. Satkowski reviewed the impact of the October 1, 2008 and March 1, 2009 health care changes for the three tiers of non-bargaining unit employees. The changes have brought 2.5 percent in savings to the College. The health care changes would be the driver in a recommendation for wage adjustments. Since health care changes were effective March 1, a recommendation would be for a retroactive date of January 1, which aligns with the settled bargaining units.

Mr. Libbe made a motion for the Finance Committee to recommend salary adjustments for non-bargaining unit staff based on prior changes and savings from the health care plan to the full Board of Trustees. Dr. McMaster seconded the motion. The motion was adopted following a voice vote.

***DRAFT NON-BARGAINING UNIT STAFF SALARY ADJUSTMENT RESOLUTION LANGUAGE:***

*WHEREAS, the Board of Trustees recognizes that non-bargaining unit staff are dedicated to serving the College's students and communities in a culture that values service, learning, innovation, collaboration and excellence; and*

*WHEREAS, health care plan changes, which increased employee contributions, were phased in on a tiered salary basis for non-bargaining unit staff, effective October 1, 2008, or March 1, 2009; and*

*WHEREAS, the President and the Treasurer recommend salary adjustments not to exceed \$180,000 for full-time exempt and non-exempt staff who are not part of any bargaining unit, retroactive to January 1, 2009; and*

*WHEREAS, the above adjustments are based on the College's ability to pay in consideration of prior changes and savings from the health care plan; and*

*NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Trustees approves the above recommendation of the President and the Treasurer to grant salary adjustments to full-time exempt and non-exempt staff who are not part of any bargaining unit, retroactive to January 1, 2009.*

**Financial Statement Review** – Mr. Satkowski reviewed the financial statements for the period ending April 30, 2009. He stated that the budget is at 83 percent and is on target.

**Other** – Mr. Satkowski addressed a question that Mr. Rowe had previously submitted to him. Mr. Satkowski reviewed the Senate Bill 6 Financial Viability Table 2, which shows the College's FY 2008 unrestricted fund, also known as "reserves", \$21,357,552. This reserve, which cannot be spent, is required for the College's Senate Bill 6 financial viability. In order to increase the College's composite score from 3.60, the College needs to increase its reserves.

**Adjournment** – As there was no further business to discuss, Mr. Rowe declared the meeting adjourned at 3:40 p.m.

ATTEST

*Patricia Jezak*

Secretary to the Board of Trustees

APPROVED 9-1-2009