

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
April 24, 2020

A meeting of the Finance Committee was held by teleconference 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.

Call to Order – Jason Johnson called the meeting to order at 1:01 p.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 focus of this meeting was for an oral update from College administration on the financial aspect of the COVID-19 pandemic. He reminded everyone who called in to mute their phones to maintain the quality of the audio for the conduct of the public meeting. Additionally, speakers were requested to announce their name before making comments to provide transparency for the public meeting held by remote arrangement. Mr. Johnson invited President Steve Robinson and Treasurer Jeff Ganues to begin the update.

FINANCIAL OUTLOOK AND UPDATE AS RELATED TO THE COVID-19 PANDEMIC

President Steve Robinson commented that today’s update will provide an overview of the current financial situation and the current and anticipated financial impact from COVID-19 pandemic. He noted that academic, student and business operational teams have done an incredible job in transitioning to alternative instructional deliveries and on the employees who are still operating the campuses. He noted that due to weathering the financial shocks and stresses from the past fiscal watch, the College was able to be proactive with the current financial controls, procedures and policies of the organization.

Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, commented on the financial statements for the period ending, March 31, 2020, including the anticipated decreases in revenue and savings in expenses that were listed on page 5 of the financial walkthrough.

Mr. Ganues also commented on an anticipated decrease in FY 2021 revenue from preliminary discussion with Ohio Department of Higher Education of a 20 percent cut in State Share of Instruction, estimated at \$5.6 million revenue loss. He also commented on projected 20 percent decrease in enrollment due to cancelled class sections from the summer semester schedule. He noted that Business Affairs and Student Services continue to revise the summer enrollment projection and to analyze the summer class schedule to identify former face to face instruction that may be able to be brought on as online instruction. In response to a comment from Mr. Nagle, Amy Giordano, Vice President, Enrollment Management and Student Services, commented on Marketing and Admissions strategies of targeted outreach to regional first-year and second-year students to stay on track with their academic programs with Owens online transfer courses, as well as virtual information sessions for students and parents.

Chart 1 – March FY 2020 Financial Walkthrough (page 5)

Million \$	Revenue	Operating Gain/(loss)	%	Comments
Budget FY20	\$ 70.986	\$ 5.410	7.6%	
Revenue - State Subsidy	(1.407)	(1.407)		SSI decrease of 20% of remaining 3 payments.
Revenue - State Support	(0.040)	(0.040)		Decrease due to Findlay Child Care only allowed to have 30 children. This is ODJFS portion.
Revenue - Tuition Summer	0.453	0.453		In State/Out State Variance is approximately \$135,000 Sales Volume Variance is approximately \$112,000 Sales Rate Variance is approximately \$204,000 CCP is approximately \$2,000
Revenue - Tuition Fall	(0.221)	(0.221)		In State/Out State Variance is approximately \$96,000 Sales Volume Variance is approximately -\$1,154,000 Sales Rate Variance is approximately \$832,000 CCP is approximately \$5,000
Revenue - Tuition Spring	0.063	0.063		In State/Out State Variance is approximately \$113,000 Sales Volume Variance is approximately -\$621,000 Sales Rate Variance is approximately \$564,000 CCP is approximately \$7,000
Revenue - Fees	0.007	0.007		
Revenue - Bad Debt	-	-		
Revenue - Sales and Service	(0.119)	(0.119)		Decrease due to Findlay Child Care only allowed to have 30 children. This is private pay portion.
Revenue - Other Revenue	0.262	0.262		Dana Center Capital Campaign Revenue. These amounts were not budgeted due to uncertainty around payment terms.
Revenue - Workforce	(0.510)	(0.510)		Preliminary projections. WCS team is working to determine impact due to COVID.
Expense - Salaries and Benefits		0.308		Projected savings in payroll.
Expense - Travel & Food Services		0.153		Savings due to no College Travel.
Expense - Other Expenditures		0.500		Contingency funds for year-end projects in Facilities, IT, and Academic Labs. Holding these funds back would postpone the Space Plan, Deferred Maintenance Projects in Facilities and IT, and equipment replacement in Labs.
Expense - Contingency/Capital		0.192		The FY20 Budget only removed those Capital expenses from the budget that were for institutional expenses. The additional Capital in the budget is for grants, which has resulted in a variance in the Capital line to back out these expenses.
Other - Depreciation		-		
Other - Capital Appropriations				
change	(1.512)	(0.359)	24%	
Actual FY20	69.474	5.051	7.3%	

Mr. Ganues commented on the financial expenses for the transition to remote instruction and working, which totaled, to-date, \$140,000. The expenses included \$23,000 for information technology, and he acknowledged the leadership of the new-hired Chief Information Officer and the IT staff in rolling out VPN (virtual private network secure connections from off campus), remote desktops, reimaged laptops from library and science labs loaned to employees to be productive at home. The CAD computers were updated with special software to allow students to connect to them from their laptops. Web cameras were provided to faculty for use with the Blackboard module. Also, more cloud storage was purchased. He commented on the other expenses of Foundation (student emergency fund) and for Facilities (sanitizers, cleaning products, disinfectants.) In response to Mr. Nagle on accounts receivable, Mr. Ganues commented that the College has signed an MOU with the Ohio Attorney General office to not certify any student debt during the month of April. Mr. Ganues also commented that the April payment date for the student deferred payment plans may have been impacted but not known at this time.

To-date, Mr. Ganues commented on his comfort-level with FY 2020 budget. The areas being continuously monitored for potential future financial impacts include: self-insured health insurance benefits (postponement of elective surgeries may impact FY 2021) and the position vacancy factor. Mr. Ganues provided an investment update, and he noted that next fiscal year's investment revenue is anticipated to be lower.

Mr. Johnson deferred discussion of FY 2021, as too preliminary, since currently in the 46th day of Ohio's stay at home emergency order.

President Robinson commented on the CARES federal stimulus funding, which \$3.9 million will be allocated to Owens Community College with 50 percent to be a direct disbursement to eligible

students. He noted that guidelines from the United States Department of Education are in development, and Student Services is working on a process for the student disbursements. The other 50 percent of the stimulus will be for the institution to help offset the financial costs incurred from transition to remote instruction and work. In response to Mr. Johnson's question if applicable to salary costs, President Robinson commented that details are being reviewed; the legislation language focused on an offset of costs and not to make up for loss of revenue. President Robinson also commented on the importance of the stimulus investment from the federal government, and although it does not make up the full impact of revenue loss, higher education as a sector is actively involved and informing for any future stimulus funding.

Mr. Johnson and Mr. Nagle commented, as follows:

1. Expenses. Mr. Johnson recognized the proactive assumptions of future expense reductions such as those related to travel, professional development, etc., and he asked if college administration will be more direct on expectations of expenses when or if programs or activities may be reduced or cut?
2. DOA. Mr. Johnson suggested the Delegation of Authority (DOA) chart be revisited as a team and to adjust levels during this crisis period until more is known about revenue in the future.
3. Cash Burn Rate. Mr. Johnson requested Mr. Ganues and President Robinson to look into the daily cash burn relative to the revenue coming in. Mr. Ganues commented on \$5.4 million per month of cash paid out; he will calculate it out, although it may not be as a daily calculation.
4. Financial Contingency Plan. Mr. Johnson requested a financial contingency plan of what needs could be slowed or delayed based on cash flow. Mr. Ganues commented that instructional delivery is in progress for spring semester, and college administration is mapping out the summer class schedule to identify savings in adjunct faculty and lab/course fees. President Robinson also commented on the cyclical enrollment and unemployment trends that is traditional during a recession; however, this pandemic makes those trends very difficult to predict.
5. Plant Investment Financial Proforma. Mr. Nagle commented on conserving cash, and he followed up from the January discussion of the deferred maintenance priorities and the request for a "plant investment financial proforma" to be developed on an expanded timeline, (instead of the original discussion of one to two years.) Mr. Ganues commented on the \$8 million cost estimate for the #1 and #2 priorities of the deferred maintenance plan.

Mr. Nagle asked if the other Ohio community colleges will be projecting their Senate Bill 6 campus accountability financial ratios to change for FY 2020, and he noted that Owens projected ratio seemed fairly constant in the March Financial Report. Mr. Ganues commented that many of the OACC CFOs' are focused on cash flow due to revenue losses from the pandemic. Mr. Ganues commented on page 10 of the March Financial Report that Owens cash flow projection is above the budgeted line and is in good shape for FY 2020. Mr. Ganues cautioned that the financial impact will be in FY 2021 with reduced support from the state.

Good of the Order – Ms. Russell commented that the meeting discussion addressed her concerns. Mr. Johnson commented on planning for the worst and hoping for the best in financial contingency planning, as we weather through the pandemic.

Adjournment – As there was no further business, Mr. Johnson declared the meeting adjourned at 2:00 p.m.

ATTEST

Patricia M. Jezak

Secretary to the Board of Trustees

Approved 5-26-2020