OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
April 22, 2025

Call to Order – Travis Reiff called the meeting to order at 9:09 a.m. The Finance Committee meeting was held in accordance with the policies of the Board of Trustees, and the Ohio Revised Code, Section 121.22 and Chapter 3358. The meeting format was hybrid in Administration Hall 224 and a videoconference public link was provided on the public meeting notice on the College's website.

Roll Call – Roll Call was taken, as follows: Sherina Ohanian (remote), Travis Reiff, Rich Rowe (remote), and Rita Russell (remote). (4). Board Chair Mary Beth Hammond attended remotely.

Approval of Minutes – The minutes of the November 19, 2024 were sent in advance and hearing no corrections, Mr. Reiff declared the minutes accepted as submitted.

Then and Now Appropriation Detail for Review – Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, presented the exhibit. Mr. Rowe asked if there was a core issue with any one department, and Mr. Ganues replied that the lines items were various departments and that there was one repeat department in this fiscal year. Mr. Rowe replied that the additional information was helpful. Mr. Reiff asked, which Mr. Ganues confirmed, a process is in place for the Controller to address the Then and Now issues with the cost center managers.

The review was concluded, and Mr. Reiff directed to move the Then and Now Certification Listing forward to the next regular meeting for consideration of the full Board of Trustees.

TREASURER'S REPORT
Monthly Financial Report – March Fiscal Year 2025 – Mr. Ganues reviewed the March financial report, and he commented on the projected net loss of position ($295,564), which he detailed efforts to address the bottom line throughout his oral report.

He noted:

- FY 25: YTD compared to Budget Dashboard – Page 2.
  - Enrollment. Spring FTE enrollment about 90 percent reflected, it does not yet include non-matriculating student populations, such as the union apprenticeships.
  - YTD Wages and Benefits. Up, 5 percent. Due to the position vacancy factor and the budget is now in its 9 month and continues to be monitored.
  - Cash Reserves & SB 6. Cash reserves are in compliance and there was no change to the projection for the SB 6 composite score at 3.9.
- FY 25: YTD compared to prior FY 24 YTD Dashboard – Page 3.
  - Enrollment. Spring FTE and tuition revenue were up by 10 percent, year over year.
  - Wages and Fringes. Up by 3 percent. Doing better on healthcare claims. March is the final month of the healthcare claim cycle and waiting on the activity report.

- Net Gain/(Loss). The net gain/(loss) is doing better this fiscal year due to timing of the capital appropriations. All bond proceeds have been drawn down and are in the operating side. On page 9, Balance Sheet, the unrestricted net position is down and as the cash balance is paid out, it goes to the net investment in capital assets, which is where the dollars sit on the balance sheet for fund accounting. He also noted on the balance sheet that investments were doing well, and the total net position was up by $161,501.

- All Funds – Page 4. Capital appropriations comparison from year-to-year. This is year one of the biennium, and the majority of the spend will take place in year two. There are longer lead times in the supply chain for the renovations for HVAC and electrical (transformers).

- Financial Walkthrough – Page 5.

  - Expenses. Cost of sales and remaining expenses reflect the available funds returned from cost centers, gain of $490,000 and $85,000, which is comparable to past practice of cost centers being more conservative in their spending during the fiscal year or due to timing issues.

  - Other-Capital Appropriations. As noted, it reflected the timing delay with longer lead times for the supply chain for the materials for the renovations. This will impact the current bottom line but for next fiscal year, it will reflect a pick up.

Mr. Ganues summarized the ongoing efforts to resolve the negative bottom line, which included:

- Healthcare claims. There is a $100,000 liability cushion (equal to two months of projected healthcare claims). Projections are currently trending better.
- Vacancy factor. May have potential for a "pick up" based on time to fill for recent position vacancies. As requested by President Somerville, Mr. Ganues commented on the vacancy factor budget that covered non-budgeted costs, such as overtime and FLSA compensation changes effective 7-1-24.
- Purchase orders. About $2.1 million is encumbered in purchase orders. A cost center will not typically spend down all of the encumbered funds in blanket purchase orders. The management process has improved with timely spend downs. Last fiscal year there was a "pick up" of $250,000 of unspent encumbered funds at fiscal year end.
- Bad debt. There has been a decrease in student account write offs. There may be a potential pick up of $100,000. The next write off of student accounts (from Spring 2022) will happen in May. Projections are trending well.

<u>FY 2026 Budget Overview</u> – Mr. Ganues commented that President Somerville with the executive leadership team is fully engaged in efforts to firm up a proposed budget for fiscal year 2026. He commented on the budget development process:

- Reviewed cost center manager proposals; they dream big for strategic initiatives and then it was trimmed down by $1.2 million, as initiatives became prioritized. Program capital items are balanced between revenue and expenses.
- Projected revenue goals for tuition based on enrollment projections. Summer 2025 enrollment is trending above initial projection; and, trying to manage enrollment with the Student-Workday implementation.
- Review of positions is ongoing. Although enrollment trends are moderate, the increase of non-wage items and compounding compensation adjustments may lead to a future pause of filling vacant positions.

- Healthcare renewal, 22%; $841,000 up in the budget.
- Still in progress, union negotiations, compensation analysis, and the state budget with respect to modifications to the SSI formula.

President Somerville provided an analogy for the budget development of being like a classic middle-class family trying to fund its needs based on its income. Trying to invest in the College but there is a need to be realistic based on enrollment projections with timing of the Student-Workday implementation this spring. There is continued effort to smooth out Workday functions before the fall term. She also noted that the College has been consistent in compensation increases for non-bargaining and bargaining employees and balancing the equity of the salary structure across the organization. Local universities and schools have competitive compensation and the College is grateful for the employees who choose to work at Owens. Salary and benefits are the majority of expenses and College administration is working with a healthcare consultant to try to move closer to industry standards. In response to Mr. Reiff on the benefit of utilizing a healthcare broker, President Somerville commented that Owens' broker reviewed a consortium approach to the healthcare benefits but research showed the "juice was not worth the squeeze." The College will issue a request for proposals for healthcare brokers after its current contract term concludes.

Mr. Ganues commented on the plan to provide a preliminary budget proposal at the next Board Finance Committee meeting, May 20.

Good of the Order – Mr. Rowe asked about the College's regular review of course offerings based on low enrollment or non-livable wages. Denise Smith, Provost/Vice President, Academic Affairs, commented that from the recent program review process, there are two programs being discontinued – dental coordinator (lack of students) and landscape turf management (non-livable wage), which is in teach out. She commented on Institutional Research to provide data on a three-year average of graduates by program for the state requirement of under five graduates. In their review, they also found multiple classification of instructional program "cip" codes that can be combined; will also review elective course offerings. Dr. Smith noted that the last elective course review was about ten years ago, and this will be incorporated into the program review process, more regularly. President Somerville commented on the elective course review as being an additional (prudent) review. She noted, there is no level of crisis or urgency in the regular program review process, if trustees have been watching the news about the University of Toledo recent actions for low enrolled courses.

Mr. Rowe also asked about programs in cybersecurity. President Somerville commented on Cy Keiffer, Professor, Information Systems, focus on "Cyber Range", a consortium partnership with the University of Cincinnati, and the College's investments in space, equipment and a full-time faculty member to encourage student enrollment in the relatively-new program (about two years), which is an area for growth.

President Somerville commented on the recent news coverage of Hope Toledo, who has been a good partner; and the College is expecting the modest balance to be resolved soon.

Adjournment – As there was no further business, Mr. Reiff declared the meeting adjourned at 9:50 a.m.

Accepted 5-20-25/pj