

## THE OFFICIAL MINUTES

The Big Bend Community College Board of Trustees held a study session Thursday, October 24, at 11:00 a.m. in the ATEC Hardin Community room in Building 1800 on the Big Bend Community College campus.

Present:     Mike Blakely  
              Anna Franz  
              Jon Lane  
              Stephen McFadden  
              Mike Villarreal

VP Gail Hamburg introduced Charlene Rios, Director of the Business Services, who assisted with development of the budget and will also be presenting today. VP Hamburg reminded all that the operating budget was reviewed last month. The revenues for the operating budget are the state allocation, tuition and recovery income. The expenditures are for the day-to-day operations of the college. The remainder of the institutional funds, the proprietary budgets and grants, and the financial statements will be reviewed today.

The budget status summary was reviewed in detail. There was \$1,249,600 or 8.43% of the budget unspent on June 30, 2013. VP Hamburg referred the trustees to the green sheet titled Reserve Balances as of 6/30/2013. The top box of this page includes the international student fund, administrative fee and interest earnings as of June 30, 2012, totaling \$4,114,891. These same funds totaled \$4,259,053 as of June 30, 2013. The total has increased by \$144,162; none of these reserves are dedicated to BBCC's operating budget.

The monies left from the European funds are noted in the second box. These funds are dedicated to debt repayment of the COP. The balance of this account as of June 30, 2012, was \$ 2,283,008 and June 30, 2013, it was \$2,189,396 which is a decrease of \$93,612. The decrease is a result of the \$100,000 COP payment and interest accrued.

The carryover on the budget status summary to which VP Hamburg referred earlier is located in the bottom box on the green sheet. The Running Start, interest earnings, excess enrollments, and tuition balance totaled \$4,637,694 June 30, 2012, and June 30, 2013, the balance was \$5,144,341. There was an increase of \$506,647 and only the tuition dollars of \$1,843,170 are dedicated to the operating budget.

VP Hamburg shared the draft revisions to BP6000, Institutional Fund Balances, Reserves, and Contingencies. The proposed changes are on page two. The draft revisions change the operating reserves requirement from two months of operating budgeted expenditures to three months, the same term as one quarter. VP Hamburg listed the other reserve funds which are explained in detail in the policy: unplanned capital repair, debt reserve, planned future operations, other reserves and contingency fund.

Additional revisions proposed by VP Hamburg are in the tuition distribution details of BP 6000 and they are procedural because the SBCTC has prescribed these changes. The percentage of tuition retained locally for the operating budget has gone from 80% to 75.7%, the tuition remitted to the state building fund and the amount to local ASB and activity fees have each decreased from 10% to 9.6%; the tuition distribution to local financial aid is 3.5%, and the distribution to the state innovation fund is 1.6%. The SBCTC holds the innovation fund money which is aimed at student success at the statewide level, including ctcLink.

The board will consider the proposed revisions to BP6000, and it will be on the agenda for action during the December 12 meeting.

Director of Business Services Charlene Rios presented the proprietary budgets beginning with the bookstore budget. The actuals of the bookstore show a loss of \$27,972 at the end of fiscal year 2013; this loss is due in part to a \$14,000 spring book rental payment that was received after June 30. Also, the Sequoia software expense was budgeted for \$13,000 and there were additional unexpected software expenses. The past three years have experienced a decrease in textbook purchases at the bookstore. To combat this trend, the director is considering offering e-books and comparing textbook vendors' shipping expenses.

The bookstore provides an annual COP payment of \$30,000; \$7000 is included in the operating expenditures and \$23,000 is classified as "other" expenditure.

Next, Director Rios presented the athletic budget. There is a decrease in the fund balance of the athletic budgets in large part due to legislation mandating that athletic expenses cannot be paid from state funds. The coaches' salaries and student worker expenses were moved from state funding to this budget. Funding from the athletic reserves preserved the bottom line of the athletic budget.

Athletic Director Preston Wilks plans to use funding from the scholarship reserve account, which holds money left from athletes' scholarship awards when they leave BBCC before the year is over, to fund event crew staff. Athletic camps show an increase in expenditures and revenues due to BBCC hosting a volleyball camp this year. AD Wilks is relying on the increase in FTEs for additional athletic budget funding. S&A fees equal 9.6% of tuition, and the athletics budget receives 58% of that 9.6%.

Trustee Blakely asked about anticipated promotions to increase attendance at athletic events. Director Rios will share this question with AD Wilks. She said ASB hosts many events on campus including activities at athletic events. There is no admittance charge for baseball or softball games.

Director Rios explained the breakdown of the S&A fees, which are 9.6% of tuition. ASB receives 42% of the S&A fees and as mentioned earlier, athletics receives 58%. ASB sponsors lots of activities. Purchasing furniture and computers for the remodeled club space cost an extra \$8,000.

White folding chairs for graduation cost \$20,000 and were funded from the ASB contingency account. ASB also purchased spin bikes for the gym and furniture for the Title V and STEM centers. ASB had plenty of reserves to cover the expenses. The entertainment expense projection is lower in 2013-14 because Spring Fling will be replaced with an awards banquet at a lower cost.

The 2013-14 S&A fees are projected at \$484,200. This is the amount from which the ASB and Athletics budgets were calculated.

VP Hamburg explained the housing and food budget. The 2012-13 actual food budget showed a loss of \$28,854. It is typical for BCC's food service to lose from \$25,000-\$30,000 per year except when Fairchild was on campus. It is difficult for a school the size of BCC to make money in a cafeteria due to lower volume. BCC is determined to provide food services for students and employees. VP Hamburg met with the Sodexo Director and Regional Director to discuss improvement ideas. After showing profit at the end of September for the first time in years, VP Hamburg projects the food budget will break even this year.

VP Hamburg shared the housing budget information. The total revenue for 2012-13 was \$365,107 with expenditures of \$330,974 leaving an increase in the fund balance of \$34,133. She reminded the trustees that Viking Hall was updated from funding generated by Fairchild Air Force personnel staying on campus. During July 2012 Phillips Hall was also updated with new electrical, air conditioning, plumbing, and painting totaling \$70,000 which is included in the \$330,974 expenditures.

Because the remodeling funding for STEM and Title V is received in small amounts over five years, the housing fund provided a remodeling loan of \$1,143,876, which is shown at the bottom of page 8. This allowed the completion of larger projects that will benefit students. Title V has paid back \$294,000 of the \$435,860 they borrowed, and STEM is working on paying back the \$708,016 they borrowed.

Director of the Residence Halls Hugh Scholte shared information about the dorm residents. The occupancy rate is up 50% from last year with 156 residents. He explained that the demographic profile average age has increased. Dorm residents range in age from 18-55 with 13 over the age of 25. The older residents are mostly aviation or professional technical students. There are also seven students with disabilities, eight nursing students and five staff/faculty members who live in the dorms. In response to the needs of the diverse group of residents, Director Scholte allocated space differently, focusing on supporting student success.

To comply with the American Disabilities Act, the ground floors of both dorms are coed. The nursing students live in the north end ground floor of Viking Hall with single occupancy rooms, which are very quiet, along with the faculty and staff residents. The more mature students are housed above the nursing students on the second floor. Second-year aviation students live in the remaining second floor rooms.

All requests for single rooms have been met and the fee for single occupancy is \$1080 per quarter and for double occupancy is \$900 per quarter. Room amenities include wireless Internet, A/C in every room, laundry facilities, well-equipped kitchenettes, television in lounges, parking and all garbage and utilities. Offering housing allows BBCC students better access to educational opportunities.

Student safety is a top priority, and BBCC has made significant improvement to residence hall security. Three security officers work out of the security office, which is housed on the ground floor of Viking Hall. Five resident advisors also monitor the dorms. Cameras have been installed to monitor outside the dorms, including the parking lots.

The dorms generated an extra \$30,000 for housing the Washington Army National Guard 1161st Transport Group from Ephrata during their two-week annual exercise and their monthly weekend drills. The agreement was ended due to lack of space because of the high student occupancy levels.

Very few community colleges have dorms on campus. Some of the colleges that do have dorms prescribe mandatory meal plans. At BBCC mandatory meal plans would make the dorms too expensive for low-income students. Trustee Mike Villarreal thanked Director Scholte for the informative presentation.

VP Hamburg explained that the grants, contracts, local, internal service and proprietary funds are all listed on page 9. This information was shared during the Operating Budget presentation last month, but it was not the final version. The final information shared today shows the revenue is 4% higher than the original projection. The total revenue is projected to be \$17,321,895. This amount transfers to the pie chart on page 10. The total BBCC institutional funds equal \$32,625,995 with \$15,304,100 or 47% from the state operating budget and \$17,321,895 or 53% from grants, contracts and proprietary budgets. During the 2012-13 year the state operating budget was 46% and the grants, contracts, and proprietary budgets were 54% of the total institutional funds.

Director Charlene Rios discussed the grant activities described on pages 11-14. The total grant revenue is \$12,057,992 and \$6,900,000 or 58% of all grants are financial aid that goes to students. Last year this amount was 62% of the grants. The Pell grant was 4.5% this year and 4.8% last year and the state need grant amount has risen from \$1,900,000 last year to \$2,000,000 this year.

The Title 3 STEM grant had expenditures of \$326,000 in 2012-13, and this year the expenditures will be \$1,000,000. The ABE, ESL, Opportunity Grant and Worker Retraining grants total \$990,378. These grants are included in our operating budget.

Tiffany Janosov, who was hired to fill Rebecca Milligan's vacated position, shared information regarding the Air WA grant from the Department of Labor. She said recruiting is the main focus of the grant.

She recently attended the Veterans Stand Down event, and she is partnering with Running Start and offering a free three-week Pre-Aviation Maintenance Technology class which will begin November 2. The AMT class will describe a career in AMT.

There are currently 91 of the targeted 126 students registered in the program. The program also offers paid internship with Aviation Tech Services (ATS) just down the street. ATS was named the aerospace company of the year during the Governor's Aerospace Conference in October. ATS plans to hire 150 employees this year. Tiffany anticipates the BBCC interns will have a smooth transition to employment.

Tiffany is planning an aviation open house to be held May 15 in partnership with the pilot program with the goal of keeping the enrollment sustainable. The composites program is separate from the Air WA grant. The two-quarter composites program includes safety and airframe training, which ties in with the Air WA grant. Hope to begin the composites program winter 2014. The instructor has taken the required classes and the equipment is delivered, waiting on delivery.

Tiffany shared the big news that the Air WA grant was extended one extra year to September 2015 at no extra cost. The Air WA Consortium took longer than expected to gear up, so the funding was reallocated to add another year through September 2015. This means the third AMT instructor and Tiffany will be funded through September 2015. Tiffany has visited the Moses Lake High School and the Veterans' Fair for recruiting.

VP Hamburg described the consolidated balance sheet as a statement prepared for a particular moment in time, June 30, 2013, and it details the college's assets, liabilities and fund balances. She said the pooled cash of \$19,345,327 is listed as an asset and a current liability. This is a unique account for the community college system. All cash, except for petty cash and undeposited cash, is pooled into one agency fund for investment management. The cash, investments in the local government investment pool (LGIP), and investments make up the pooled cash. VP Hamburg said the LGIP interest rates and bonds have dropped significantly. VP Hamburg highlighted the inventory of \$307,271 which includes the bookstore and central stores. The buildings and equipment values stayed about the same because there has not been a lot of money to spend. The increase in buildings is due mostly to construction funds from Title V and STEM.

Current liabilities list the pooled cash. The COP payment is in installments payable short-term \$195,000 which is the portion of the COP that will be paid in 2013-14. The long-term portion is \$2,910,000. The COP was refinanced last year. The former interest rate was 4.107% and now it is 1.96766%; the will result in savings totaling \$336,000. There are 10.5 years left the pay on the COP. Total liabilities June 2013 were \$25,188,495. The total fund balance on the same date was \$43,423,468.

Each year BBCC receives a report with financial indicators such as debt and operating ratio noted. BBCC's financial indicators are good.

VP Hamburg stated there is very little difference in the consolidated balance sheet compared with last year. She said this means BBCC is coming out of budget cuts and maintaining a good position.

The aging of accounts receivable report is on page 17. The \$605,556 amount on long-term receivables is Perkins loans, and the \$44,813 amount is funds maintained at SBCTC for IT purchases to which we have access when necessary. VP Hamburg complimented the business office under Director Rios' leadership for managing the receivables well. She stated the cohort default rate for Perkins loans was 9.2% last year, and this year it is 4.76% as a result of many phone calls to keep students' payments coming in.

The cash balance by month and fund is shown on page 18. This illustrates the pooled cash fund spread over many funds, this also shows where the interest earnings are distributed. The cash reserves are listed at the bottom of the page and total \$4,259,053.

Pages 19-20 detail the consolidated balance sheet by fund. VP Hamburg explained that the consolidated source and application of funds from page 21 is as close as BBCC comes to an income statement. It lists the revenues and expenses for the year ending June 30, 2013. The dismal interest amount of \$77,358 reflects a \$600,000 decrease in interest in the past five years. The sales amount of \$847,884 is from the bookstore. Total revenue is \$36,041,073. In the expenses list the \$632,669 cost of goods sold is from the bookstore. The fund balance is \$43,423,468 and includes a net increase of \$508,533.

The detail by fund of the consolidated source and application of funds is found on pages 22-23. Per the financial indicators from the SBCTC, BBCC is aligned well with operating, reserve and debt ratios.

Trustee Mike Villarreal asked about the number of BBCC students that receive loans or aid. Director Rios stated that about 75-80% of BBCC students receive financial aid or loans.

Trustee Mike Blakely called attention to grant details. He commended staff for pursuing grant funding.

President Leas explained that the Transforming Lives Awards nominee notebooks that were provided to each trustee contain information for ten BBCC nominees. Scoring sheets are included in the notebooks. The trustees may peruse the information individually during lunch. During the regular board meeting later today, the trustees will choose a nominee to represent BBCC at the Transforming Lives Award dinner at the TACTC Conference in January in Olympia.

The meeting adjourned 12:13 p.m.

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Mike Blakely, Chair

ATTEST:

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Terrence Leas, Secretary