

Navajo County Community College District 2013-2014 Proposed Budget Public Hearing Minutes

May 21, 2013 – 10:00 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Ms. Ginny Handorf, Mr. Daniel Peaches, Mr. James Matteson, Mr. Prescott Winslow, Mr. Frank Lucero

Staff Present: President Jeanne Swarhout; Vice President Blaine Hatch; Vice President Mark Vest; Information Services Director Eric Bishop; Institutional Effectiveness Director Dr. Leslie Wasson; Recording Secretary to the Board Lisa Jayne.

Others Present: Everett Robinson, Margaret White, Bryan Baker, Kenny Keith, Sharon Hokanson, Melissa Luatua, Maderia Ellison, Ann Hess, Pat Paxton, Peggy Belknap, Tamara Martin, Matt Weber, Beulah Bob-Pennypacker, Dave Roberts.

Agenda Item 1: Call to Order

Chair Handorf called the meeting to order at 10:00 a.m.

Agenda Item 2: Presentation of Proposed 2013-2014 Budget – Vice President Hatch

Vice President Hatch presented the Proposed 2013-2014 Budget to the Board. He stated the preliminary budget as approved by the Board at the last regular board meeting was posted on the College's website as well as a full-page publication in both The White Mountain Independent on May 14 and The Holbrook Tribune on May 15.

Vice President Hatch reviewed the Proposed Budget documents with the Board. He stated the current general fund budget as proposed is \$25,432,135, which is a 5.1% increase over 2012-2013 budget. The Plant Fund budget is just under \$12,200,000, this is just over a 10% increase compared to the current year. The increase is primarily related to ongoing activities related to facility improvements at the White Mountain Campus. In total, the two primary tax funded funds total \$37,631,435, which is a 6.7% increase over the current year's budget. The primary difference for the larger increase for per Full-Time Student Equivalent is the projected enrollment count is down from the budget of 2013-2014 by 200 Full-Time Student Equivalents. That makes up for the current general fund \$11,560 per Full-Time Student Equivalent, and unexpended plant fund \$5,535.

For all personnel compensation on all funds, employee salaries are up 3.5%, retirement costs are up nearly 15%, much of that is related to the budget addition of an alternate contribution rate for employees returning to work after retiring and there's a contribution that both the College and employee splits. Healthcare costs are up about 3% and other benefit costs are up 2.5%. So total personnel compensation including benefits for all funds is \$18,382,000 and that's a 4.3% increase over the current year.



The primary tax levy is proposed to increase \$173,773, a 1.3% increase, all related to new construction. However, as a result of continuing decline, in property valuations, the primary tax rate will increase from \$1.35 to nearly \$1.48 per \$100 of assessed valuation. This is below the maximum primary property tax levy which is \$13.6 million.

In the General Fund there is very little change in revenues in the net amount. Tuition is decreasing by just over 15%, that's primarily related to how the College is treating the tuition, currently the College is shifting tuition that is meant for the following year to the actual accounting year in which it is meant for. Operating State Aid, the College's maintenance support is down just below \$50,000, and equalization is up and so, in total, there's a wash there. Included is capital support of \$199,000, but the state budget has not included this at this point in their process, there is hope that this funding will take place. Specific equipment would be purchased with these funds, but if the funds are not allocated by the State then the purchases would not be made.

Property taxes show a 1.3% increase. The biggest change is moving the sales and service in the auxiliary fund to general revenues and so the \$350,000 last year compared to nothing in the current year.

A new item on the revenue side, less governing board designations, the nearly \$28 million is a combination of what's in the three year capital plan and in the financial reserve policy the Board approved in April. Total resources available for the year are just under \$50 million, which is just under a 5% increase compared to the prior year.

Mr. Lucero asked what specifically was under Instruction and what was under Admin expenses. Vice President Hatch stated that Instruction is all direct classroom activity; salary, wages, and benefits of instructors, as well as any course materials or supplies that are required to be used in the classroom. The administrative side is administrative staff, business office staff, registration staff, financial aid staff, information services and all the activities related to information services including the equipment that provides the classroom instruction.

Mr. Winslow asked Vice President to explain the large percentage increase under admin. Vice President Hatch stated that all of the departments are fairly heavy on the side of salaries, wages and benefits; nearly 80% of the total budget is related to compensation. The increase in overhead budget is related to strengthening and supporting the IS network, including equipment for classrooms as well as the ability to connect between locations, which is probably the largest increase in total percentage next to wages and salary. Mr. Winslow asked if it was technology infrastructure for instruction. Vice President Hatch stated it was.

Mr. Matteson stated that the budget reporting requirements reflects top heavy administration when in essence it is instruction that makes it top heavy. Due to the spread-out nature of this institution, IS costs are large compared to an institution that is singular in nature. President Swarhout stated in regards to the administrative area of the budget there has been an increase in external reporting requirements and that overall the College is required to produce more and more data and administrative reporting positions have been added in order to respond to these



demands. In the long run, admin costs will increase related to reporting requirements. Vice President Hatch stated that explaining the delivery model is necessary to presenting the College to the legislature and to tax payers.

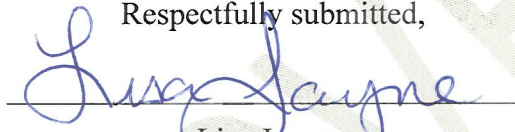
Agenda Item 3: Call for Public Comment

Vice President Hatch stated the notice was put up right after the last board meeting with contact information for Vice President Hatch. There were no requests for information relative to the budget and no public was present to address the board.

Agenda Item 11: Adjournment

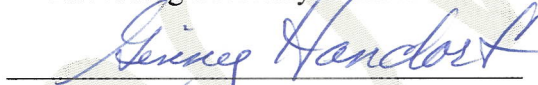
The meeting was adjourned.

Respectfully submitted,

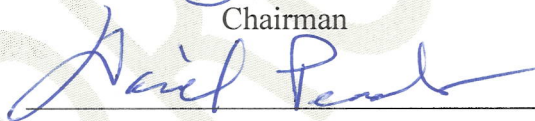


Lisa Jayne

Recording Secretary to the Board



Ginny Handorf
Chairman



Daniel Peaches
Board Secretary

