

Navajo County Community College District Governing Board Study Session Minutes

February 15, 2011

2251 East Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Ginny Handorf, E.L. Parsons and Daniel Peaches.

Staff Present: President, Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Director, Eric Bishop; Recording Secretary to the Board, Russell Dickerson.

Reports:

1. Study Session Agenda Item 1.: Community College Strategic Plan (First Read) – President Swarthout

Dr. Swarthout presented the Community College Strategic Plan as a first read to Board members and explained that the Board will eventually be asked to review and approve the final document as many aspects of the document will be incorporated into the NPC Strategic Plan. Dr. Swarthout explained that the document is a result of hard work by the Arizona Community College Presidents' Council (ACCPC) and added that the plan will allow the community colleges to respond as a system to data and planning information requests, as well as various educational initiatives. Dr. Swarthout reported that many aspects of the plan will be incorporated into the next round of NPC Strategic Plan revisions, in particular, the indicators used to measure College performance. Dr. Swarthout reported that ACCPC members will meet next week and will continue work on the document which will likely involve a scaling back of performance levels and broader expectations that will be impossible to achieve due to the proposed budget cuts to community colleges. Dr. Swarthout added that she expects ACCPC members to retain the three main goals and associated metrics in the document. Responding to a Board question, Dr. Swarthout explained that the document presented is not a final version as ACCPC must continue to revise the strategic plan in light of proposed budget cuts. Dr. Swarthout explained that the Governor's budget proposal has substantial traction within the legislature and efforts are underway to address the inequity of budget cuts to community colleges, versus those cuts proposed for the three state universities.

2. Study Session Agenda Item 2.: 2011-2012 Tuition and Fees Schedule (First Read) – Vice President Hatch

Mr. Hatch presented the proposed 2011-2012 tuition and fee schedules to the Board as a first read with formal action to be requested in March. Mr. Hatch reported that staff have examined tuition and fee schedules and are recommending that the Board consider a \$4 per credit hour tuition increase for a per credit hour tuition cost of \$60 for in-state and Apache County students. Mr. Hatch pointed out that since the 2006-2007 academic year, the College has instituted annual \$4 per credit hour tuition increases and added that staff does not feel that a tuition increase greater than \$4 would be beneficial to NPC students or the tuition revenue stream. Mr. Hatch noted that a similar percentage increase is proposed for out-of-state tuition rates and added that the intent of the full-time out-of-state tuition rate is to cover all educational costs without use of state aid or placing a burden upon county property taxpayers. Mr. Hatch reported that staff is not recommending any changes to the senior citizen tuition rate or the timeline for tuition refunds. Responding to a question from Chairman Jeffers, Mr. Hatch reported that NPC does not attract many full-time out-of-state students.

Responding to a Board question, Mr. Vest reported that enrollment for fall semester was down 10.5% and enrollment figures for spring semester are not yet finalized due to ongoing dual enrollment registration and enrollment in courses with late start dates. Mr. Vest estimated spring enrollment to be down by approximately 6% to 6.5% and noted that the college is offering 10% fewer sections this year. Responding to a question from Mr. Parsons, Mr. Hatch confirmed that virtually all of the \$200,000 in tuition revenue generated by the proposed tuition rate increase would come from Navajo and Apache County students. Mr. Parsons stated that he does not support a tuition increase, especially during an enrollment decline, and expressed concern that staff is proposing a tuition increase before state funding levels are known. In response, Mr. Hatch explained that tuition rates must be finalized in March so that the Financial Aid office can move forward. Mr. Hatch reported that for the first five months of the fiscal year, tuition revenues were down 19%, or approximately \$300,000 from last year. Mr. Hatch added that during the period from November through January, the college saw an increase in tuition revenue of 9% over last



year, or approximately \$200,000. Mr. Hatch reported that he expects total tuition revenue for the year to be down by approximately \$400,000. Mr. Hatch provided a historical review of NPC tuition levels and provided comparative information for the other nine community college districts, with most districts considering tuition increases in the 6% to 7% range for 2011-2012. Mr. Hatch reported that the proposed \$4 per credit hour tuition increase is in line with increases in other districts and that NPC would still remain in the same relative position among other districts with regard to annual tuition and fee levels.

Board members requested that staff provide comparative information on other Arizona community colleges including services offered and enrollment trends. Mr. Hatch reported that NPC is the only Arizona community college currently experiencing an enrollment decline and explained that historically, NPC has experienced enrollment growth and decline before other community college districts. Responding to a question from Chairman Jeffers, Dr. Swarthout explained that the inability of students to enroll in required courses reflects the decreased number of sections offered at NPC and follows the trend of decreased offerings nationally by community colleges. Dr. Swarthout stated that due to a sense of urgency on part of the legislature, the Governor's budget proposal could be affirmed by the March Board meeting allowing staff to have a better idea of state funding levels as well as other bills that will affect community colleges in the upcoming year. Dr. Swarthout pointed out that some Arizona community college districts have reacted strongly to the Governor's budget proposal by eliminating academic and sports programs and administrative staff positions.

Responding to a Board question regarding enrollment trends, Mr. Vest explained that NPC has seen an increase in students ages 18 to 22 years old as well as a decrease in students ages 50 and over who may have opted out of personal enrichment courses due to current economic conditions. Mr. Vest explained that despite economic problems, full time student enrollment has remained steady and noted that the financial aid office is distributing more student aid despite lower overall enrollment. Mr. Vest reported that the current enrollment decline is mostly self-created and is the result of budget driven decisions made to move community education courses from credit to noncredit, reduce the number of sections offered by 10%, reduce faculty overload and adjunct faculty funding pools and freeze faculty and staff lines. Mr. Vest explained that classes are full despite an increase in the minimum number of students needed to run a course, enrollment in audio and video classes are higher, and suggested that institutional decisions based upon estimates of community college funding, not tuition increases, are the primary cause of NPC's overall enrollment decline.

Mr. Hatch explained that the Governor's budget proposal did, for the first time, include estimates of tuition, fee and anticipated property tax revenues which were used to calculate a 6% funding decrease for Arizona community colleges. Mr. Hatch reported that the Governor's budget proposal estimates NPC's tuition and fee revenue to be \$4.75 million and noted that staff calculations of tuition and fee revenue total about \$4.35 million, or about \$400,000 less than the Governor's estimate. Mr. Hatch added that the \$400,000 tuition and fee shortfall was calculated assuming approval of the proposed \$4 tuition increase. Addressing course fees, Mr. Hatch reminded Board members that only one-third of the approximately 1,300 courses in the college catalog have associated fees and added that the proposed course fee schedule is the result of a course by course review by division deans and department chairs. Mr. Hatch briefly reviewed course fees proposed by the three academic divisions. Addressing Board member questions regarding significantly higher proposed course fees, primarily in CTE courses, Mr. Hatch explained that the increased course fees are a reflection of the higher cost of class supplies including consumables, equipment and software.

Addressing property tax revenues, Mr. Hatch explained that the Governor's budget proposal estimated county property tax revenues to total about \$12.5 million whereas the college has received calculations indicating the maximum allowable tax levy total is \$12.7 million. Mr. Hatch noted that the additional \$200,000 in property tax revenue would essentially reduce the estimated \$400,000 tuition and fee shortfall by half. Mr. Hatch explained that due to lower valuation, the property tax rate will have to be increased from \$1.13 to \$1.24 in order to generate the maximum 2% levy increase. Responding to a question from Chairman Jeffers, Mr. Hatch confirmed that lower valuation requires the rate to increase in order to generate the maximum allowable levy amount and explained that over the last few years, the total tax levy amount has decreased, again, due to lower county property valuation. Ms. Handorf commented that board members from other community college districts have agonized over increasing property taxes but have, in the face of declining funding, elected to approve steady increases in property tax so as



not to create a burden on future governing boards. Mr. Hatch explained that should the Governor's budget be approved, the college will become increasingly dependent upon state equalization funding. Mr. Hatch cautioned Board members that a failure to approve the maximum allowable increase in property taxes, particularly in the current funding environment, will serve to bring the necessity of equalization funding into question. Chairman Jeffers clarified that a 10% increase in the property tax rate does not equate to a 10% increase in property taxes as the district is limited to a 2% increase in the total tax levy amount.

- 3. Study Session Agenda Item 3.: Update on Revision to Procedure 2720 (Informational) – Vice President Hatch**
Mr. Hatch provided an update on the revision to Procedure 2720 as discussed at the last Board meeting and provided information on contract language implemented by other community college districts. Mr. Hatch explained that 3 of 8 districts surveyed indicated that reductions in force occur at the end of the contract; 3 of 8 districts surveyed indicated that employees are provided 30 days notice of a reduction in force; one district has no notification provision in contract language; and one district provides a one-year notification period for faculty and a end of contract provision for non-faculty. Mr. Parsons commented that the 90 day notification provision would lock the college into a definite timeframe and hamper flexibility that may be required in a true financial emergency. Mr. Parsons suggested the notification timeframe be changed to a range of up to 90 days which would allow the Board to decide, based upon the financial emergency, the timeframe for reductions in force. Mr. Parsons requested that staff explore notification language options as discussed.
- 4. Agenda Item 7.A.: Request to Approve Procedure 2755 External Investigators – President Swarthout**
Dr. Swarthout presented the request to approve a list of external investigators as required by procedure 2755. Dr. Swarthout explained that procedure requires the Board to annually approve individuals who will randomly serve as hearing officers as outlined by procedure. Dr. Swarthout explained that the use of external investigators removes the possibility of prejudice by shifting the process outside of the college. Dr. Swarthout noted that the list of external investigators has been vetted by College legal counsel. Responding to a question from Mr. Peaches, Dr. Swarthout explained that selection of the external investigator would be the responsibility of the Human Resources Director who would go through the list and identify an investigator based upon availability.
- 5. Agenda Item 7.B.: Request to Accept the 2009-2010 Single Audit Reporting Package – Vice President Hatch**
Mr. Hatch presented the request to accept the 2009-2010 single audit reporting package and explained that the audit report is an unqualified opinion with no findings. Mr. Hatch added that the auditor found no weaknesses or instances of noncompliance, nor any deficiencies in internal controls. Mr. Hatch reported that the audit was submitted well ahead of the March deadline despite not having a controller during the audit cycle. Mr. Hatch applauded the efforts of the Business Office staff and Financial Services Director, Maderia Ellison. Mr. Hatch reviewed the Management Discussion and Analysis section of the audit. Mr. Hatch reported that revenues and expenditures for 2010 were down 3% and 9%, respectively, and resulted in a 2010 increase in net assets of 14%. Mr. Hatch commended the efforts of the entire college to reduce expenses. Responding to comments from Mr. Parsons regarding poor investment returns, Mr. Hatch acknowledged that current economic conditions have resulted in low returns and added that he is currently comfortable with the conservative approaches of investment pools currently in use. Mr. Hatch reported that there has been a shift away from the state investment pool due to a general lack of confidence that the state will not sweep funds. Dr. Swarthout noted that a Board investment policy would have to be in place should the college seek out a private firm to actively manage investments.
- 6. Agenda Item 7.C.: Request to Approve Membership in the Apache/Navajo Counties Regional Sustainability Consortium – President Swarthout**
Dr. Swarthout presented the staff recommendation for approval of membership in the Apache/Navajo Counties Regional Sustainability Consortium. Dr. Swarthout explained that the consortium is funded by a Housing and Urban Development grant to perform regional planning for the two counties, including the reservation. Responding to a question from Chairman Jeffers, Dr. Swarthout reported that the college will incur no expenses and Apache County will be responsible for fiscal reporting and timelines.
- 7. Agenda Item 7.D.: Request to Approve Title III Evaluation Contract – Director Bishop**
Mr. Bishop presented the request to approve a contract with GeoDriven Consulting, LLC in the amount of \$125,000 for external evaluation of the Title III Eagle Project that was awarded to the college in the fall of 2010. Mr. Bishop



explained that the contract term is for 5 years with annual biannual payments totaling \$25,000 per year and added that the contract has been reviewed by college legal counsel. Chairman Jeffers questioned whether the contract language, as presented, allows the college to terminate the contract if not satisfied with the quality of evaluation work performed. Following discussion of contract wording, Dr. Swarthout stated that the contract will be taken back to the college attorney for a clear determination of the rights afforded the college in the contract with regard to termination of services.

8. Agenda Item 7.E.: Request to Approve 2011-2012 Academic Calendar – Vice President Vest

Mr. Vest presented the staff recommendation to approve the 2011-2012 academic calendar. Mr. Vest explained the calendar has been reviewed by faculty, the Faculty Association, Instructional Council, staff and administration. Mr. Vest briefly reviewed start and end dates for fall, spring and summer semesters, as well as the date for spring commencement.

9. Agenda Item 8.A.: Request to Approve Program Deletions and Modifications – Vice President Vest

Mr. Vest presented the request to approve the deletion of the Electronics Technology (ELC), Library Media Technology (LMT) and Industrial Technology (ITP) programs. Mr. Vest explained that the ELC and LMT programs deletions are a result of little or no enrollment, a lack of faculty members and little or no demand from local industry. Mr. Vest explained that the ITP program deletion is a result of advisory board recommendations to consolidate the ITP and Industrial Maintenance and Operations (IMO) programs into a single program with several specialization options. Mr. Vest presented the request to approve the complete revision of the IMO program, as related to the deletion of ITP. Mr. Vest reported that Instructional Council also approved a minor modification to the Associate of Science degree in which Physics is removed from the Physical and Biological Science list of core courses but retained in the Science/Math Option category.

Study session ended at 10:49 a.m.

Respectfully submitted,



Russell Dickerson
Recording Secretary to the Board



Bill Jeffers
Chairman



Ginny Handorf
Secretary to the Board

