

**EAST CENTRAL COLLEGE
BOARD OF TRUSTEES WORKSHOP
Thursday, September 20, 2018**

CALL TO ORDER: The Board of Trustees Workshop was called to order at 6:00 p.m. by Board President Ann Hartley. Other Board members present for the meeting were Joseph Stroetker, Cookie Hays, Eric Park and Audrey Freitag. Also present were President of the College Jon Bauer, Interim Vice President of Academic Affairs Robyn Walter, Vice President of Finance & Administration Phil Pena, Director of Financial Aid Karen Griffin, Director of Financial Services Annette Moore, and Executive Assistant to the President Bonnie Gardner.

RECOGNITION OF GUESTS: Dr. Bauer introduced Amanda Postma of the *Missourian*.

BUDGET 101 PRESENTATION: Dr. Bauer indicated the objective of the workshop is to provide an overview of how the budget is structured, where revenue comes from and how funds are expended. This is a similar presentation to the one provided for employees on August 31 and will serve as the foundation for the work of the Budget Committee on which Dr. Park will serve as Board liaison.

Dr. Bauer explained the fund accounting method used by the College. Fund 10 is the general fund used for operating expenses and revenue; Fund 22 is the faculty development fund used for expenses related to professional development for faculty; Fund 25 is the College restricted fund and includes monies collected for a designated purpose such as the security fee, student activity fee and technology fee (the College dictates how the funds are to be spent); Fund 30 is the debt service fund used for taxes collected to pay off bond debt; Fund 40 is the auxiliary services fund used by the cafeteria and bookstore operations; Fund 50 is government restricted monies which can be state or federally restricted funds such as financial aid receipts or grants; Fund 60 is for campus clubs that raise funds for use by their organization; Fund 70 is fixed assets.

There are over 3,000 accounts tracking revenue and expenses in the chart of accounts. All expenses are coded xx-xxxxx-xxxx-xx which translates to fund-department-object code-location. The fund balance is the difference between income and expenses within a fund; it does not equal cash on hand. Auxiliary and restricted funds (funds 25, 40 and 50) can carry a balance forward.

Changes in accounting standards in 2015 required the College to record the contingent liability for the state retirement fund in the financial statements causing a significant decrease in the unrestricted fund balance. The bond refinancing in 2016 caused a temporary fluctuation as well. The enrollment decline since 2011-12 has impacted fund 50 due to a decline in financial aid receipts.

There has been a \$10,089,357 decline in revenue since 2012 with local tax revenue relatively steady and tuition and fees down. Operating expenses have been reduced by \$896,354 since 2012 and total expenses were reduced \$7,596,098. However, the decline in revenue has been greater than the reduction in expenses.

Dr. Bauer then reviewed the financial statements noting that non-operating revenue is state aid and tax revenue (which are not enrollment based); operating revenue is transactions made with the College (i.e. tuition payments). The Higher Learning Commission requires the reporting of a composite financial indicator which is a combination of three factors. This indicator was impacted greatly by including the retirement liability.

This year a committee of faculty, staff and administrators has been established to evaluate revenue and expenses, determine strategies to enhance revenue, and make recommendations regarding “right sizing” the institution in terms of expenses. These recommendations will be used for development of the next budget and will inform the strategic plan.

FINANCIAL AID PRESENTATION: Dr. Bauer introduced Karen Griffin who provided an overview of the different options used by ECC students to pay tuition. Sources include A+, Pell Grants, state grants, scholarships, VA, Vocational Rehabilitation, WIOA Job Center funding, employer payments and student loans.

Federal grant money (Pell) must be used first to pay tuition and fees before A+ funding pays. A+ does not cover special fees, dropped classes, certain repeated courses or tuition/fees in excess of \$170.75 per credit hour.

Dual credit students pay 50% of the tuition and no fees; dual enrollment students pay 50% of the tuition plus the fees. Dual credit/enrollment students are still in high school so are not eligible for financial aid and pay all costs out of pocket.

Karen provided the following statistics for Fall 2018: 2,663 students were charged some tuition; 499 students are dual credit/enrollment paying out of pocket; 446 students are using A+ funding either fully or partially; 29 students received grants or had tuition paid by their employer; 926 students are using other financial aid covering 100% of their tuition (Pell, loans, scholarships); 753 students do not have enough funding to cover their costs or are directly responsible for their costs. Of the total population, 42% are using financial aid, 28% are paying out of pocket for some or all of their costs.

Should ECC increase tuition, 47% of the current students would pay more out of pocket. Dual credit/dual enrollment students would pay more, but at a 50% discount from full tuition. The Pell Grant currently caps at \$6,095 and is predicted to rise to \$6,195 for next year. The Pell increase ranges from one to three percent annually. ECC is well under the A+ tuition/fee limit of \$170.75 for all except out-of-district students taking classes at the Tier 2 tuition rate (\$173).

Dr. Bauer noted that the tuition rate, increasing enrollment, and improving persistence are things that will have a direct impact on the budget. Recent changes to the scholarship policy provide resources to part-time students. In addition, the Marguerite Ross Barnett Scholarship is the only state program that assists part-time students, and ECC is the top college in the state for recipients of that scholarship.

Part-time or needy students have many issues that get in the way of college; financial assistance is valuable. Pell grant awards are needs based. In addition, the A+ program does not have a set

dollar amount per semester; it covers two years of tuition and fees. Work is ongoing in the state legislature to protect that funding for community college students.

High school enrollment over the next ten years will decline by about 2%. Dual credit is one way to reach more of those students. However, there are many competitors in that area. Dr. Park requested more information regarding how ECC compares to other colleges offering dual credit in the service area as well as a comparison to on-line offerings.

The Budget Committee will meet the first week of October and frequently through the fall semester. Budget requests will be solicited from departments in early February. The committee will be looking at systemic changes and provide its recommendations in early 2019. Fall tuition rates will need to be in place by February.

It was suggested trend information be provided each month related to the financial statements. In addition, Ms. Hartley asked that a brief report from the Board liaisons to the campus committees be provided monthly as well as updates from other campus committees as appropriate.

ADJOURNMENT:

Motion: To adjourn the September 20, 2018 public Board of Trustees workshop at 7:14 p.m.

Motion by Cookie Hays; Seconded by Eric Park; carried unanimously.

President, Board of Trustees

Secretary, Board of Trustees