

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
June 1, 2017

A meeting of the Finance Committee was held in the President's Office conference room, Administration Hall, on the Owens Community College Toledo Campus.

Call to Order – Rich Rowe called the meeting to order at 3:30 p.m., and directed the record to show the meeting of the Finance Committee was held in accordance with the Ohio Revised Code and the policies of the Board of Trustees.

Roll Call – Roll Call was taken, and the following committee members were present: Jason Johnson, Ed Nagle and Rich Rowe (3).

FY 2018 Draft Budget Review – Mr. Ganues continued with the budget review and commented on the \$500,652 allocation for operating contingencies, about 1 percent of the Unrestricted Fund budget, and he commented on IT lab and course fees. He also commented that the FY 2018 budget does not include an estimate for vacancy factor, but in future budgets we will begin to estimate a vacancy factor based on 2-3 months to fill positions.

Mr. Ganues commented on State Share of Instruction projected decrease of 5.9 percent for FY 2018, due to declining eligible FTE, eligible completed FTE and total success points. He shared the news of re-filing the end-of-term FTE to the Ohio Department of Higher Education, which will be factored into the FY 2018 subsidy calculation, which could potentially increase the College's State Share of Instruction subsidy (SSI) by \$142,000 for FY 2018.

Mr. Ganues commented on the legislative process of the proposed State Budget Bill (HB 49) for Fiscal Years 2018 and 2019, and the fluctuating status of an anticipated cap of \$10 per-credit hour tuition increase for FY 2018 and FY 2019. Due to the uncertainty of the State Budget Bill, the Ohio Department of Higher Education is conservatively leaning toward an anticipated cap of \$5 per-credit hour tuition increase for each year of the biennium, which is projected in the College's proposed FY 2018 budget. Mr. Ganues commented that in November 2016, the Board of Trustees approved a tuition increase to the allowable amount, as to be provided in the next State of Ohio Budget, effective June 30, 2017.

Mr. Ganues also commented on the College's non-general fees for technology, which were increased in phases, for Fall Semester 2016, for Summer Semester 2016, and for Spring Semester 2017; however the proposed State Budget Bill has a freeze on fees language. The College would like to review the cost of Career Services to students. Mr. Nagle commented on being about 80 percent toward phasing in non-general fees to cover students' costs.

On the Unrestricted Fund – Revenues, Mr. Ganues commented on the projected revenue decrease in the sales & service account due to the Bookstore operator reducing the guarantee, which is still under negotiation.

On the Unrestricted Fund – Expenditures, Mr. Ganues commented on the projected materials/supplies line item decrease of \$80,000, which was reviewed with the departmental budget authorities and the vice presidents. He also commented that through the Financial Recovery Plan, the expenditures had been cut to the bone and to build back the reserves. It is important to maintain both the “product and the services,” and will begin a cost analysis of the programs to determine profit margins. He commented on speaking with the auditors for a benchmark on a bottom line on the net position.

On the casualty and property insurance, Mr. Ganues evaluated other insurances, including a group insurance with the Ohio Association of Community Colleges; however, it was determined the College will stay with the current vendor.

On the Auxiliary Funds, Mr. Ganues corrected the Findlay Child Care Center net income to \$110,000, which is expected to continue to improve. The Findlay Child Care Center for the first time was profitable in FY 2017. The child care rates will be increased for FY 2018. He commented on the need for improved marketing for hosting events on campus, which is presently at a break-even margin. He noted that the Copy and Mail Center, which is outsourced, will be under review to align services with revenue.

Mr. Ganues commented that the grant line item has been removed from the recommended budget, as grants should have a net zero affect. The reserve requirements are in compliance for FY 2018. The Senate Bill 6 composite ratio for FY 2018 is projected, 3.6 ratio.

Mr. Ganues commented that the five-year, FY 2019 to FY 2022, forecast reflects the College continuing to maintain at the FY 2018 levels.

There was discussion of a guide for the projected operating gain(loss) after depreciation. Mr. Ganues asked what is the tolerance for a variance if the reserves are increased. Mr. Nagle responded on the preference of improving an under a loss toward break/even, after depreciation. Mr. Nagle commented on the Finance Committee guiding administration on defining a conservative budget and to reflect a position vacancy rate in the budget report. Mr. Johnson asked what are the financial markers that indicate financial health, which Mr. Nagle commented on the Senate Bill 6 composite ratio, the fund balance, the reserves, the cash reserves, no debt, the income statement and the net income. Mr. Johnson identified four indicators to follow, and he referenced the projections for FY 2017 and FY 2018: Cash, Senate Bill 6 composite ratio, Reserves and Income; he noted that two of the four indicators are increasing and the other two are not getting better.

Draft Indicators per Discussion	FY 2017 Projected	FY 2018 Projected
Cash	\$16.5 million	\$19.5 million
SB6 Composite Ratio	3.8	3.6
Reserves	\$7.9 million	\$9.7 million
Income	\$3.7 million	\$1.8 million

Mr. Johnson asked about a strategic plan to address the enrollment decline and revenue decrease, which Dr. Robinson responded that the strategic financial recovery plan is complete, and developing a strategic plan is a next step. He noted that there are other strategies in place for enrollment and completion. Dr. Robinson commented on the need to shrink the revenue gap

through student retention and that the community colleges receive their fair share of the State Share of Instruction. Mr. Johnson commented on being proactive, and the understanding of the College's large fixed cost base and declining revenue. Mr. Johnson noted that once the College gets through FY 2018, the following FY 2019 may even be tougher. In closing the discussion, Mr. Johnson commented on the Financial Standards Policy and the Financial Dashboard, and he suggested waiting a few months into the fiscal year for future discussion if there is a need to add more financial indicators to monitor the fiscal health of the College.

Mr. Nagle made a motion to recommend the FY 2018 Budget for the June 7, 2017 Board of Trustees regular meeting, which was seconded by Mr. Rowe. Following a voice vote, the motion was adopted.

The 2017-2018 meeting schedule was reviewed and accepted, as amended.

The agenda item of policy review will be moved to the September Finance Committee meeting agenda.

Adjournment – As there was no further business, the meeting was adjourned.

ATTEST

Patricia M. Jezak

Secretary to the Board of Trustees

Approved 9-26-17