

**MEETING MINUTES  
Arizona Western College  
District Governing Board  
April 10, 2017**

**Board Members Present:** Board President Dennis Booth, Olivia Zepeda, Richard Lamb, Maria Chavoya, Melissa Wright

**Others Present:**

Dr. Daniel P. Corr, President  
Rachel Caldwell, Executive Assistant to the President  
Bryan Doak, Vice President for Student Services  
Diana Doucette, Interim Chief Financial Officer  
Dr. Linda Elliott-Nelson, Vice President for Learning Services  
Lori Stofft, Dean of Public Relations and Marketing

**Call to Order:** Board President Dennis Booth called the meeting to order at 3:00 pm.

**Adoption of Agenda:** Board Member Melissa Wright motioned to adopt the agenda for the April 10, 2017 meeting as written. Board Member Maria Chavoya seconded the motion; motion carried.

**Discussion of FY18 Preliminary Budget:** President Corr presented the strategy and philosophy behind the crafting of the FY18 preliminary budget. The budget modeling has heavily involved the President's Cabinet over the course of the past six weeks. It presents the start of a transformational budget process for the College, he said. The strategic plan finalized in the early months of 2018 will be the true transformational initiative as the budget will then be tied to the strategic plan. The FY18 budget is an important first step in this direction. President Corr thanked Interim Chief Financial Officer Diana Doucette for her hard work in crafting the budget. He also thanked the Board for its sound stewardship of the public dollar as well as Past President Glenn Mayle and former Vice President for Finance and Administrative Services Carole Coleman for their leadership. The college is in a very sound fiscal position.

President Corr's goal is to always be fully cognizant of the Board's role especially as it relates to its two primary responsibilities – hiring a president and approving a budget. With that in mind, Dr. Corr said he may be sharing more information with the Board than they may be used to receiving. He asked the Board members to focus on the big picture as they receive some detailed information.

The college administration will continue to use conservative projections in terms of revenue. The administration also wants this budget to be a predictable, forward-looking document. The administration spent a lot of time developing accurate predictions of expenses and revenues, and determining where they should be housed in the budget. There will be more identified funds or specific categories of expenses and revenues. This budget focuses on the student experience and on the college's priority of being good stewards of the public dollar, he said.

Dr. Corr gave a recap of the funding scenario the budget is modeled on. State funding is gone (represents approximately 4% of the budget), and the administration has no expectation that it will return. Grants are becoming increasingly important in this environment (increasing revenue from grants is a priority of this budget. As a college of the community, AWC is property tax dependent. It is a college of the community that operates as an economic engine of the community.

The college administration will be asking the Board for a 2% increase to the property tax. This is not done lightly, Dr. Corr said. It is a solid investment in the community and in the College. These dollars, approximately \$600,000 will yield a high return on investment, he said.

There are a number of brisk, fiscal headwinds facing the College including increasing minimum wage costs leading to salary compression, a significant decrease in new construction (\$1.69 million in new construction in 2015-16 to \$4.16 million in 2017-18), and rising energy costs.

The administration presented seven strategic budget priorities to the Board including:

- **Addressing Technology Needs** – This is the College's single largest deficit which impacts the student service

experience (system stability, adequate Wi-Fi, reliable service to all locations). No dollars will be spent until a specific IT Strategic Plan is presented and accepted by Cabinet.

Board President Booth asked if the report will be internally or externally driven.

Dr. Corr said the pursuit of an external report is possible following the submission of an internally driven strategic plan.

Board Member Richard Lamb asked about weak technology areas on the Yuma Campus.

As an example, Dr. Corr said there have been issues getting Wi-Fi in the residence halls as well as in the 3C building.

Board Member Richard Lamb asked if students have been given the opportunity to provide input on technology at AWC.

Dr. Corr said students have been involved in the College's strategic planning focus groups, and that the issues most frequently brought up related to technology.

- **Establish Facilities Set-Aside Fund** – This would establish a long-term, predictable fund dedicated to facilities. The campus is aging and is responsible for many facilities across a wide geographic district. The residence halls require consistent maintenance. For the first time, the College is not requiring facilities to compete for monies through the Capital Improvement Projects process. Similar to the technology initiative, a plan will be delivered to Cabinet to approve and carry out.
- **Build Adequate Contingency Fund** – The generally accepted best practice percentage for a contingency fund in higher education is five percent. This number has slipped at AWC. Last year, the College was under four percent. In this budget, the administration is recommending that the contingency fund move from 3.9 to 4.3 percent representing a predictable, systematic approach to moving closer to the five percent, Dr. Corr said. Unused funds will drop to the bottom line.

Board President Dennis Booth stated that the College already has a sizable contingency fund and asked why this approach is being taken.

Dr. Corr said this measure just increases the percentage of the total budget that the College will be setting aside for contingency in line with best practices.

- **Attract and Retain Top Talent** – There was a dramatic deficit in AWC's ability to attract talented faculty, staff and administrators about five years ago, Dr. Corr said. This was most pronounced on the faculty side. Annual increases have raised faculty salaries to make AWC competitive. This budget calls for a two percent across the board increase in salaries in line with Dr. Corr's philosophy that raises be equitable now that faculty are at a better point of parity.

Board Member Olivia Zepeda asked if employees receive step increases.

Dr. Corr said the raise is a straight two percent. The College does not have step increases.

Dr. Linda Elliott-Nelson mentioned that the College does offer educational growth credit to pursue higher education (degrees). Employee receive this credit as they pursue their degrees.

Board Member Melissa Wright asked if the two percent increase includes employees who may have just received a substantial bump in pay due to the minimum wage increase.

Interim Chief Financial Officer Diana Doucette said all full-time employees were already above minimum wage. The two percent increase is for full-time employees.

In this budget, labs will be compensated at 0.8 as opposed to .75 as part of a five-year, gradual progression that will bring labs to parity with lecture compensation.

Board Member Olivia Zepeda asked what the cost associated with this change is.

Dr. Corr said it is approximately \$83,000.

The budget also calls for the College to absorb a five percent increase in healthcare costs.

- **Strategic, Long-Term Staffing** – The College receives Proposition 301 dollars. The measure will sunset in 2020. Currently, there are nine mission critical, full-time positions funded through Proposition 301. This budget calls for three positions to move off the budget for the next three years.

Board Member Olivia Zepeda asked what type of positions these are. Dr. Corr told her they are professional administrative positions.

This year, the College will also be institutionalizing two grant positions and institutionalizing some Ellucian costs. Two new positions will also be created – one in purchasing, and one shared by the AWC Foundation and Institutional Effectiveness, Research and Grants.

This budget also calls for the elimination of nine unfilled positions. The resources will be reallocated to better meet the needs of the College.

The strategic planning process will further identify where additional resources are needed and from where they can be reallocated, he said.

Board President Booth expressed reservations about accepting grants without immediately having the funds to pay for costs that will need to be institutionalized through the grant.

Dr. Corr assured Board President Booth that the College will scrutinize the costs associated with grants it plans to accept.

Board President Booth also asked if the administration is prepared to make hard cuts in personnel.

Dr. Corr said this budget does not call for the elimination of filled jobs, but that the strategic plan will identify areas that need to be examined and a way ahead for the College.

Board Member Olivia Zepeda said cost-savings can occur through attrition.

Board Member Maria Chavoya said the strategic plan will provide a road map for the College, and that it will guide action the administration needs to take.

Board President Dennis Booth said a strategic plan should be able to make recommendations regarding areas that can be consolidated or eliminated.

- **Early College Investment** – The Board made the courageous decision to reduce the cost of tuition for 17 year olds and under to \$25 per credit hour. The cost differential has to be accounted for, and the College will cover the cost. This is an investment in our communities that will pay for itself many times over in the future, Dr. Corr said. But this year there will be a cost associated with the change.

Board Member Maria Chavoya is pleased the College has made this change because she sees how it is impacting local students.

- **Strategic Planning Innovation Fund** – The College is excited about its Horizon Symposium scheduled to occur on April 28. Dr. Corr said there is great energy on campus and within the communities regarding this process. This fund sets aside monies for strategic initiatives that manifest themselves through the strategic planning process and

will allow the College to immediately act on some of these ideas during the time between the conclusion of the strategic plan and the development of the FY19 budget. The administration will be able to start implementing the plan prior to July 2018.

Board Member Richard Lamb asked what the College is doing to accommodate foster young adults.

Dr. Corr said the state mandates the College offer free tuition to foster young adults.

As an overview, the budget philosophy revolves around predictability, detailed planning for initiatives (i.e. – technology, facilities), innovation and responsible stewardship.

The College has refinanced bonds three times saving taxpayers \$3.66 million, Dr. Corr said. The College is also on pace to add to its bottom line this year.

The preliminary budget approved at the board meeting on Monday is the legal cap at which the Board can adopt the final budget, Dr. Corr said. He added that AWC is \$15 million below the state expenditure limitation.

Board Member Melissa Wright asked if there is an established facilities fund already.

Diana Doucette said that there was never a dedicated facilities fund – that facilities maintenance requests were considered alongside all other budget requests.

Board Member Melissa Wright asked if the Board needs to approve the two percent when the preliminary budget is proposed to the Board in order to even consider a two percent increase during the final vote. Dr. Corr said that is correct.

Dr. Corr will be present the budget priorities to the campus community on Wednesday, April 12 in two sessions – one at 7:15 am and one at 12:15 pm. Both town hall meetings will take place in the Schoening Conference Center at the Yuma Campus.

Board Member Olivia Zepeda asked for additional budget options in the event the Board does not want to approve a two percent tax increase. Dr. Corr said he will provide the Board with some options.

**Next Meeting:** The next scheduled regular meeting will be Monday, April 17, 2017 in the Frances Morris Board Room at the Yuma Campus at 3:00 pm.

**Adjourn:** Board Member Melissa Wright motioned to adjourn the meeting. Board Member Olivia Zepeda seconded the motion; motion carried.

The meeting adjourned at 5:07 pm.

Respectfully submitted,



Rachel A. Caldwell, Recording Secretary