

LARAMIE COUNTY COMMUNITY COLLEGE
BOARD OF TRUSTEES
BOARD WORK SESSION
Wednesday, July 20, 2016
5:30 to 7:30 p.m.
Administration Building
Petersen Board Room

Board Present: Board Chairman Ed Mosher, Board Vice Chairman Bill Dubois, Board Secretary Christine Lummis, Board Treasurer Don Erickson, and Trustees Bradley Barker, III and Carol Merrell

Board Excused: Trustee Brenda Lyttle

Staff Present: President Joe Schaffer, Vice Presidents Judy Hay and Rick Johnson, Interim Vice President Terry Harper, Associate Vice President James Malm, Executive Director Tammy Maas, Faculty and Professional Staff Members Jeri Griego and Jayne Myrick, and Legal Counsel Tara Nethercott

Visitors: Jacob Hamel (*Wingspan*)

MINUTES

Board Vice Chairman Bill Dubois opened the July 20, 2016, Board Work Session at 5:54 p.m. Board Chairman Ed Mosher arrived shortly thereafter and stated meeting formalities will be dispensed with during the Work Session.

Board Chairman Mosher stated that because the College may be looking at as much as a 15% budget reduction for FY18, more than the originally planned \$2.5 million reduction may need to be considered. He stated the Board has the College's strategic plan, the recently approved FY17 budget, and President Schaffer's FY17 goals as resources for their budget reduction discussions this evening. The Board should also take into consideration the College's completion goal, because the achievement completion levels impacts the College's funding from the Commission. Board Chairman Mosher emphasized the Board's role is to provide the administration with guidelines and principles for making decisions on budget reductions. He noted further that in doing so the Board should also consider the Complete College Wyoming goals that could also be impacted by the State's funding reductions.

In addition to a determination of the guidelines and principles from the Board's leadership perspective for both academic and non-academic programs, the Board was asked to set a budget reduction target. President Schaffer recommended a \$2.5 million reduction, although he added the \$2.5 million doesn't leave room for the unforeseen or investments in personnel. Vice President Rick Johnson concurred that \$2.5 million should be the target because that is the amount known at this time. However, the College should have a backup plan for additional budget reductions in the event they are necessary. President Schaffer stated the following conditions under which further reductions may be necessary:

- Local millage impacts the way State Aid is allocated to the community college's.
 - o Laramie County Community College is in the only community college district that had an increase in valuation, whereas some of the other community college districts had substantial decreases. Another

drop could be experienced because of a continued decrease in valuations and that would further impact the College's valuation.

- The correction of the Commission's miscalculation of the completion funding component caused a \$1.4 million decrease in Western Wyoming Community College's funding.
- The College's carryover fund amount may be less than the anticipated \$400,000, which means some additional monies would need to come from the fund balance to balance the FY17 budget, which in turn would mean additional reductions would have to take place.

Vice President Johnson observed the College has to determine a starting point for the reductions and that starting point should be what is known, which is \$2.5 million. Beyond that, the College needs to do the strategic work in preparation for additional reductions. Trustee Erickson agreed the College should prepare for a \$2.5 million reduction and have the means to deal with a worse scenario, and the Board should provide guiding principles for those actions. Board Chairman Mosher likewise agreed that a contingency is necessary so that the College does not have to make "knee jerk" decisions. President Schaffer concurred with the \$2.5 million reduction and the structuring of a contingency should revenues continue to decrease. Because substantial revenue decreases may affect personnel, he will consult with Human Resources Executive Director Tammy Maas and Counsel Tara Nethercott on the contingency plan's personnel impact. President Schaffer advised that any decisions affecting programs will have to be brought to the Board for action. He asked the Board on what other areas would they want to be involved in making final decisions, adding personnel decisions should remain with the President. The Board discussed:

- The use of other revenue sources for one-time operating expenses (BOCES)
- Continued use of the One Mill Fund
 - o Is the Board interested in using \$1.5 million of the One Mill funds for ongoing operations instead of keeping the fund balance liquid? Using these funds for ongoing operations until the revenue picture improves? Using these funds for FY18 budget-balancing purposes only? Board Chairman Mosher, Trustee Erickson, and President Schaffer voiced support for the latter. Trustee Barker was not in favor of using the One Mill funds indefinitely. Trustee Dubois observed the revenue picture may continue beyond FY18 and so permanent reductions that will not harm the reputation of the College may become necessary. Board Chairman Mosher added the College must maintain the services that will preserve the College's core mission and its relationship with the community. Vice President Johnson stated he is not opposed to leveraging the One Mill to help balance the FY18 budget but would hesitate to use One Mill funds for reoccurring expenditures. President Schaffer pointed out that additional use of the One Mill would reduce the availability of funds for small maintenance projects, investment in opportunities upon which the College could capitalize, and unforeseen expenditures for which the College must be accountable. Ex Officio Trustee Keadle posed the question of what is the trade-off. In response to Trustee Erickson's question concerning what percentage of the reserve should be maintained, Vice President Johnson stated the percentage is 4.7%. Trustee Erickson stated this would be the bottom line. President Schaffer said the reserve should not be used to maintain the status quo. Trustee Erickson stated that would be a principle.
- The definition of essential
 - o preserving infrastructure
 - o assuring safety and security of campus employees, students, and visitors
- The generation of additional revenue
- The greatest return on investment
- The use of evidence-based decisions for academic (transfer programs, enrollment, job-placement) and non-academic programs, and the preservation of core instruction
 - o The College's goal of 50% of expenditures touching students through instruction is currently at 42%.
- The definition of "reduction in force"
- Minimizing the impact on personnel
- Invoking an early retirement incentive for qualified employees

- President Schaffer stated he is generally not in favor of this, because those employees being incentivized to take early retirement are often the ones with the institutional knowledge that is needed to help inform the process. The incentive would need to be based on the assumption that those acting on the incentive will retire from a program or service the institution no longer needs; or if the program or service is needed, that replacement personnel will be hired at a lesser salary. Vice President Johnson added three retirees would be needed to equate to one FTE reduction. President Schaffer also stated he is philosophically not in favor of salary or hiring freezes.
- President Schaffer's and President's Cabinet's deeper knowledge of the institution's inner workings; i.e., where efficiencies can be achieved and where funds could be re-allocated to support high-demand programs.

President Schaffer stated he and Counsel Nethercott will hold additional discussions about what Board action would be necessary in August to satisfy procedural requirements relating to personnel and programs. Counsel Nethercott added that any recommendation the Cabinet makes regarding a declaration of emergency or program removal will need to be ratified by the Board via vote. She noted further that the process of making these determinations should be a collaborative one based on information from the administration and the community. She also stated the Board doesn't have to approve revenue generation with some exceptions such as a BOCES as noted by Trustee Erickson.

President Schaffer stated the financial crisis or emergency means the College is going to have to adjust its expenditures to what is actually being allocated instead of what the College thought was going to be allocated. What is being allocated is now the new norm. Once the adjustment is accomplished, this crisis/emergency will no longer exist and a new norm will be established. To buy time to do this strategically, the FY17 budget was balanced by utilizing carryover, reserve, and One Mill funds. Counsel Nethercott suggested the guiding question might be does the College tap into the One Mill to fund the known \$2.5 million reduction or should the One Mill be used to fund the contingency, which is the second part of the FY18 budget plan. Board Chairman Mosher believed only a portion of the One Mill should be utilized. Trustee Erickson concurred, as previously stated, that the One Mill should not be a permanent source for funding operations. He asserted, however, that the current revenue picture is creating a financial emergency and that the College should have as much revenue generation as possible for FY18. Ex Officio Trustee Keadle re-emphasized the College must first preserve core operations.

President Schaffer reminded everyone that the College's operations were reduced by 6% a couple of years ago. He worries that if funding for operations continues to be cut, people will not have the funding necessary to do what they need to do. Operations can be reduced, but doing so will not close the \$2.5 million gap. Rather, the College needs to consider getting out of some businesses, so other businesses that will generate more revenue can be grown. Speaking to generating more revenue, President Schaffer stated tuition only generates 20 cents on the dollar. The Foundation has a priority to increase athletic scholarships, which will reduce the general fund by that amount, but the impact of this will not be seen for FY18. Other options would be for the Foundation to grow endowed faculty positions. This would relieve pressure on the Operating Fund.

President Schaffer stated he will bring a dollar figure for the FY18 reduction amount on which he will ask the Board to take action on August 17th. Subsequent Board action may be requested specific to a financial emergency.

Board Chairman Mosher closed the July 20, 2016, work session at 7:28 p.m. and stated the regular Board meeting will be convened at 7:35 p.m.

Respectfully submitted,

Vicki Boreing
Board Recording Secretary