

MINUTES

WASHINGTON STATE COMMUNITY COLLEGE DISTRICT 17 BOARD OF TRUSTEES WORK SESSION

Present: Trustee Mike Wilson, Trustee Todd Woodard, Trustee Glenn Johnson, Trustee Beth Thew, Trustee Steve Yoshihara. Also present: Greg Stevens, Lisa Hjaltalin, Grace Leaf, Kevin Brockbank, Lori Hunt, Amy McCoy, Kimberlee Messina, Carolyn Casey, Bobbi Woodral, Brandon Stalling, Beverly Daily, Lu Stallcop, John Gillette, Clinton Brown, Breanne Riley (recording secretary).

Excused: Christine Burge, Christina Momono, Katie Satake, Katella DeBolt, Daniel Yeremenko

CALL TO ORDER AND ROLL CALL

The Board of Trustees of Washington State Community College District 17 held a work session meeting in the lodge, on Tuesday, April 18, 2023. Chair Mike Wilson called the meeting to order at 8:32 am. Trustee Wilson asked if there were any members of the public present at the work session meeting, to which there were none. The Native Land Acknowledgement was given by Trustee Wilson. Trustee Wilson announced that Dr. Kevin Brockbank would be the new chancellor of CCS beginning May 1st and then he gave his congratulations on behalf of the Board. The Board thanked Mr. Greg Stevens for his leadership as acting chancellor with CCS.

CONSENT AGENDA

Being no objections, the consent agenda was entered into the record. Topics include the following:

- a. Minutes of the January 17, 2023, Work Session
- b. Budget Updates – Lisa Hjaltalin
- c. Capital Projects Status – Mr. John Gillette

Ms. Bobbi Woodral shared an update on enrollment at Head Start, sharing that they are short in enrollment by approximately 300 slots, the reasons why Head Start was under enrollment, and their plan to move forward to enhance enrollment. Ms. Woodral shared the compensation levels of Head Start employees, as well as the one-time bonus that was given to employees to maintain staff. Ms. Woodral noted that the enrollment plan from April 1 of this program year to April 2024 had been developed and will be

implemented. Ms. Woodral shared with the Board that she met with community leaders at a recent GSI meeting where the shortage of the workforce for early childhood education was discussed and that there were approximately 3,000 workers short across the board in Spokane County. Trustee Thew noted that Ms. Woodral and her team have done a great job recruiting and then stated that CCS and Head Start have been competing with the K-12 system and what they are able to pay their faculty, that also includes payment of pre-kindergarten faculty as well. Trustee Woodard asked if there was any way to correlate the work shortage that Head Start has experienced with the decline in enrollment, he then noted that was the type of data that needed to be presented to the state board. Trustee Woodard complimented Ms. Woodral on her professionalism and thanked her for her hard work. Trustee Yoshihara asked if the salary compensation is governed and if CCS can only pay a certain amount or if there is flexibility in increasing compensation. Trustee Wilson asked for clarification that CCS is bound by the negotiated contracts for the staff and then asked if in the ECAP program sub-contractors are bound by that salary as well. Trustee Wilson asked if sub-contracting was only available through the ECAP program or if it was available in other programs. Trustee Wilson asked if a bonus was restricted to one year only then asked if there were any openings that fall within the current staff in relation to maximum enrollment. Trustee Thew asked what the monetary amount was that Head Start could potentially be losing due to under enrollment. Trustee Thew then noted that even though there is under enrollment CCS does not have to pay any funds back to the state, but moving forward the funding could be potentially lost as well as the ability to serve the community. Trustee Wilson asked if a reserve had been created and at what level the funding at Head Start was being spent. Ms. Hjaltalin noted that CCS is very cognizant of what money needs to be spent and what needs to be returned to the federal government. Ms. Woodral shared that Head Start will be creating an enrollment plan and will also document the work that has already been completed. Trustee Thew asked the Board of Trustees to have this on their statewide agenda. Trustee Johnson made the motion to approve the consent agenda, which was seconded by Trustee Thew, and the consent agenda was approved by the Board unanimously.

Trustee Wilson shared that Ms. Beverly Daily had been appointed as the new representative for AHE, welcomed her to the meeting, and asked if she had anything to report. Ms. Daily shared that faculty had been working hard at pushing the 100% funding for all cost-of-living increases in the current year and that AHE is looking forward to working with everyone in the upcoming year.

Budget Administration, Ms. Lisa Hjaltalin and Mr. Greg Stevens presented the budget report to the Board of Trustees. Mr. Stevens noted that the purpose of the report is the set goals, priorities, and expectations for the 2023-2024 fiscal year. He then noted the last time they were able to present a budget administration report was

in May of 2015. Mr. Stevens reviewed the reasons why the report had not been given since May of 2015 and that 2023 seemed to be returning back to normal and the hope is to return to the normal procedures and reports. Mr. Stevens reviewed the historic Board of Trustees budget values and principles and then reviewed the historical budget values in comparison to the CCS values. Mr. Stevens asked what the Board budget values would be moving forward, to which Trustee Wilson stated that the value of collaboration was very important. Trustee Woodard commented that there did not seem to be an emphasis on student enrollment and the impact of staff reduction due to under enrollment and asked if there was a way to emphasize that as a value. Trustee Johnson shared that when trustees are trying to make a student's experience easier, having childcare as an option at each campus could help and should be added as a value. He then added that childcare should also be offered to faculty and staff and that may help with student recruitment as well. Trustee Wilson noted that it was important that the budget be related to the strategic plan and that the anticipation of growth and contraction is also looked at. Trustee Thew added that the budget allocation should be reflective of the needs of the community.

Ms. Hjaltalin presented the budget cycle for CCS and the legal authority in relation to the budget and other fiduciary. Ms. Hjaltalin then reviewed budget vs. finance vs. accounting and the importance of knowing the difference between each term. She then reviewed the role of the Trustees in the budget process and what to look for in a budget. Ms. Hjaltalin discussed how to use budget and finance as an equity tool. Ms. Hjaltalin reviewed the state of Washington budget and how higher education fits into the overall budget for the state. Trustee Thew asked if the 8% state budget allotted to higher education included all of higher education institutions. Ms. Hjaltalin reviewed the state funding of higher education as a whole.

Ms. Hjaltalin reviewed the budget allocation flow chart and what was included in the entire process of the budget allocation. Trustee Thew asked if major changes were going to be anticipated within the budget. Trustee Yoshihara asked how much of the state budget allotted to higher education goes to CCS. Trustee Thew asked what percentage SBCTC takes from the budget before it goes into the allocation model. Ms. Hjaltalin then reviewed the key features of the SBCTC allocation model. Mr. Stevens noted that when the allocation model was implemented it effected CCS in the amount of \$3.5 million. Ms. Hjaltalin then noted that the allocation model also included the student achievement initiative in the amount of 5% as well as a Minimum Operation Allocation to each college in the amount of \$2.85 million. Ms. Hjaltalin then reviewed the priority enrollment incentives. Trustee Wilson asked if there was a specific allocation per FTE that was building into the original formula and for each of the enrollees if it was within any of the 4 categories (of the priority enrollment incentives) CCS would receive an extra .3 of 1% and if that was a retrospective or projected review of enrollment. Trustee Thew asked if there was any discussion on STEAM for the budget allocation. Ms. Hjaltalin then moved to the various categories of funding within and outside the allocation model. Trustee Thew asked if the legislative budget was strictly operational. Trustee Wilson asked if at the end of a four-year period the dollars would go into the upper allocation model regardless of whether the college offered a

nursing program or if it only goes to colleges that have a nursing program. Trustee Wilson then asked if the legislative mandate on nursing was not included in the allocation model and if it was not subject to roll forward in the allocation. Trustee Thew asked if 5% plus 4% goes to the state board. Trustee Wilson noted that when he looked at the report he saw fixed funding and variable funding and then asked what was the potential for SAI dollars, what was CCS actually getting, and if CCS was building the nexus into the KPI's and objectives in order to get the most money. Ms. Hjaltalin then reviewed the district enrollment allocation base. Trustee Thew asked for clarification on if there was no shift, even though some may be farther below target than others, to which Trustee Wilson asked what the conversation currently is when a change occurs. Ms. Hjaltalin then reviewed performance funding and weighted enrollments. Ms. Hjaltalin shared what had changed since the model was developed and the 2022-23 fiscal year state board annual operating budget allocation. The CCS allocation methodology was presented to the Board by Ms. Hjaltalin. Ms. Hjaltalin reviewed the CCS 2022 fiscal year total resources. Trustee Wilson suggested that it would be useful to know how CCS was performing on budget expectation and performance in each category. Trustee Woodard asked if it would be possible to have a dashboard as part of the financial to incorporate the sources of funding. Ms. Hjaltalin reviewed the typical CCS spending by type – noting that 86% is committed to salaries and benefits. Trustee Thew asked how much of the salaries and benefits were funded by the state. Trustee Johnson commented that the percentage of benefits funded by the state has been cut.

BREAK

Trustee Wilson reconvened the meeting at 10:11am.

Ms. Hjaltalin reviewed tuition and noted that in May the Washington legislature will provide for an increase in the tuition rate. Ms. Hjaltalin then reviewed state established tuition and components of tuition, explaining that the four components of tuition are the operating fee, building fee, services and activities fee, and the institutional student loan fund. Trustee Thew asked for clarification that 10-12% was being sent back to the state. Trustee Yoshihara noted the amount that is going back to ctcLink is \$1.7 million, to which Ms. Hjaltalin confirmed the amount was \$1.5 million. Trustee Thew then asked if the building fee was earmarked once the state gets it or if it goes into their general fund. Ms. Hjaltalin then reviewed tuition comparison with CCS, EWU, and NIC and waiver authority. Student fees for the 2023 fiscal year were reviewed by Ms. Hjaltalin.

Mr. Stevens reported on the capital master planning and project funding. Mr. Stevens reviewed capital funding sources for CCS and the allocation per college. The major capital projects request process and pipeline were reviewed as well as the SBCTC capital budget history. Mr. Stevens reviewed the capital funding sources and locally funded building improvement requests. The college master plan was reviewed for the Board with a highlight on both the SFCC and SCC master plans. Mr. Stevens reviewed the central administration “campus map” of properties utilized by CCS central

administrative services. Trustee Wilson asked if major capital projects are earmarked. Trustee Wilson then asked if the allocation of funds was moveable and if they were allocated and not spent would the funds carryover into a reserve. Trustee Wilson asked that once the money is given to CCS if it can be spent at the different campuses. Trustee Thew asked if the Newport and Colville campuses belong to CCS or to the Foundation and what properties CCS leases from the Foundation. Trustee Woodard asked if the master plan can be updated throughout time or if there was just one full master plan update.

Ms. Hjaltalin reviewed the Board operating reserves and asked the Board for their input if the 5% that was established by the previous Chancellor should be changed. Ms. Hjaltalin reviewed the Board designated reserve and asked if there should be other reserves and if anything should be changed. Ms. Hjaltalin reviewed CCS reserves. Trustee Yoshihara asked if funds can be moved to different reserves if needed. Trustee Yoshihara then inquired that if the North South Freeway project was taken out the total amount left in reserve would be \$8.7 million and if that was an adequate amount in reserves. Trustee Wilson asked why the reserves were setup in separate categories rather than one called the operating reserved or if that is how it was setup and then asked if there was a risk manager to analyze the report. Trustee Wilson asked if CCS should hire a third party to conduct a risk estimate. Trustee Yoshihara asked how much currency CCS had on hand. Trustee Woodard asked if CCS has an insurance broker and Trustee Wilson asked if the contract with Alliant was a state-wide contract. Trustee Thew asked for clarification on the Riverpoint reserve and then asked if safety and security should have its own reserve. Trustee Thew noted that it would be helpful to know what reserves were restricted.

Mr. Stevens reported on college budget principles and strategies and that the presidents and Ms. McCoy would be sharing with the Board details on their individual budgets. Dr. Kimberlee Messina reviewed the budget principles and strategies for each college. Trustee Wilson noted that the district and colleges should be working together, to which Dr. Messina answered that it has definitely been a collective effort. Dr. Brockbank then reviewed the colleges budget challenges, SCC and SFCC budget revenues and expenses, and college budget trends. Ms. McCoy reviewed central administration budget principles and the top three central administrative budget challenges. Trustee Yoshihara noted that CCS needs to show what needs are not covered. Ms. McCoy then reviewed the central administrative budget. Trustee Thew asked if Head Start should have a separate budget from the central administrative budget. Trustee Wilson asked about the term district allocation and what the definition of district was as it had been used in various ways. Ms. McCoy then reviewed the top three budget trends that are impacting the budgets. Trustee Yoshihara asked if CCS reserves for capital depreciation and if there would be a technology reserve. Trustee Wilson commented that when a reserve for depreciation is created then it prohibits the spending of that reserve, and it should be noted that the reserve is anticipated to be spent. Trustee Yoshihara asked when the replacement sustainability plan is anticipated be in place.

Mr. Stevens reviewed the enrollment environment at CCS and how the COVID-19 pandemic had affected enrollment. Mr. Stevens then reviewed the minimum wage in Washington and noted that since it is the highest in the nation CCS is competing with students potentially not enrolling in school and choosing to work instead. Mr. Stevens then reviewed unemployment and the job market in Washington in relation to enrollment. Mr. Stevens reviewed demographics and the demand for higher education as well as the decline of traditional-age students. Mr. Stevens then reported on the Washington state graduation rate projections and the CCS service region graduation rate projections. Trustee Thew asked if there was money given to the project to help with a financial aid program that is geared toward high school students. Trustee Yoshihara also noted that the cost of education has become high enough that students are not enrolling in college to avoid accumulating student debt and that the government programs that pay people not to work have also had a negative impact on student enrollment. Trustee Wilson pointed out that CCS' average student age of 22/26 should delay the impact of graduation rate declines by a few years. Mr. Stevens reviewed demographics and enrollment as well as tuition revenue and budget in relation to enrollment. Mr. Stevens reported on tuition collected per FTE and the struggle that CCS has had with employee retention and the cost of employee turnover. Mr. Stevens reviewed strategic plan key performance indicators related to purposeful recruitment, development, and retention and the consistent standards of performance and accountability. The challenges of safety and security resources was reported with the highlight on the changing safety and security environment of both campuses, physical infrastructure degradation, and cyber-security risks. Trustee Johnson inquired about what security coverage was allowed by the state for CCS. Legislation with potential budgetary impacts was covered by Mr. Stevens as well as the CCS cost of COLA and I-732 for faculty. The importance of budget and strategic alignment was discussed by Mr. Stevens. Trustee Yoshihara asked what the livable wage in Washington was and what the unemployment benefit rate is compared to the livable wage rate. Trustee Wilson suggested that at the next Board meeting the additional resources in the budget packet should be looked at more closely and addressed. Trustee Wilson then remarked that CCS is successful at the sources of income, and it is important to know not only what the money is but the uses as well. Trustee Thew noted that the last time a budget report like this was done was when she was new to the Board and a lot of the Board members have not gone through the process, she also added that Ms. Hjaltalin had done an exceptional job on the report.

Board Priorities and Discussion, Trustee Wilson addressed the calendar for graduations and that it would be discussed in the executive session. Trustee Thew asked if there would be a corrections graduation this year as it was marked as TBA on the calendar.

Executive Session

The Board will convene in executive session under RCW42.30.1109(1) for the following purpose: to evaluate the qualifications of an applicant for public employment, to review the performance of a public employee, and that included commentary on next month's

tenure. The executive session will last for approximately 1 hour and if it lasts longer the Board will announce that the executive session will be extended.

At 1:00pm Trustee Mike Wilson announced that the executive session would be extended by 30 minutes and is scheduled to end at 1:30pm.

At 1:34pm Trustee Mike Wilson announced that the meeting would be extended by 6 minutes and is scheduled to end at 1:40pm.

At 1:41pm Trustee Mike Wilson announced that the meeting would be extended by 2 minutes and is scheduled to end at 1:43pm.

At 1:45pm Trustee Wilson announced that the executive session had ended. No action was taken.

Adjournment

Being no further business, the meeting adjourned at 1:45pm.