

PORTLAND COMMUNITY COLLEGE  
BOARD OF DIRECTORS  
12000 S.W. 49th Avenue - Portland, OR 97219

**MINUTES**  
BOARD OF DIRECTORS BUSINESS MEETING  
Sylvania Campus, Conference Rooms A & B  
December 9, 2004

**BOARD ATTENDANCE**

Board Members Present:

Dana Anderson, Norma Jean Germond, Jaime Lim, Doreen Margolin, Karen McKinney,  
Bob Palmer, Harold Williams

**EXECUTIVE SESSION**

The Board of Directors convened an executive session for Labor Negotiations, Real Property Transactions, and Litigation in accordance with ORS 192.660 (1)(d, e, h) at 6:55 PM, adjourning at 7:40 PM.

**CALL TO ORDER**

Chair Anderson called the business meeting to order at 7:43 PM. The Chair asked those present to introduce themselves.

**APPROVAL OF THE AGENDA**

Director Germond made a motion to amend the agenda to add approval of the minutes, remove Resolution 05-041, and add new Resolution 05-043.

**APPROVAL OF MINUTES**

The November 18, 2004 business meeting minutes were approved as published.

**INFORMATION SESSION**

Report on the State of Oregon's Community Colleges

Cam Preus-Braly, Commissioner, State Department of Community Colleges and Workforce Development (CCWD), made her annual visit to PCC to discuss funding and state-wide trends for community colleges during the past decade. The statistics used are based on the budget that the Department of Community Colleges and Workforce Development presented to the Governor for his consideration, so it is fact based as of November 30, 2004. She encouraged board members to use these statistics when discussing the community college situation with legislators, but to keep in mind that they do not reflect the effect of the Governor's proposed budget. She discussed the effects on students in increased tuition costs and reduced available sections, and commented that community college tuition in Oregon is the highest in 15 western states. The Governor's proposed budget includes more money in need-based student aid for post-secondary

students, but Ms. Braly is concerned that class sections will not be available even though students may have the funds.

The proposed budget CCWD sent to the Governor includes a proposal for Capital Construction funds, and the Governor has proposed \$94.8 million in bonding authority for community colleges for the next biennium. This is the first time in 25 years the State has proposed to invest any significant resources in capital construction/ renovation for community colleges. There are six community colleges at the top of that list and they are required to match capital construction funds dollar for dollar.

Director Margolin expressed her concern that the K-12 budget increased by 2% and the university system budget increased by over 2%, but the community college budget decreased by 5.5% and asked why that was considered acceptable. Ms. Braly said she can not explain it or speak for the Governor on why this happened. She did say that the way the budgets are built for the K-12 and university systems is very different from the way the community college support fund is built. In 2001 CCWD adopted a model, using nationally reported information from Oregon's 17 community colleges, which established the actual cost to serve a student since the legislature said they want the funding to follow the student rather than fund the delivery. They found that the cost per student was approximately \$5600, with the State picking up half of that cost. The assumption is that that cost was too high and legislators felt community colleges would not be serving as many students, so a cut was made. The budgets for K-12 and the university system use actual projected personnel costs to base their budgets on and the legislature is responsible for those budgets. They are not responsible for the individual community college budget; the State Board of Education is and they chose to pursue the "money follows the student" procedure. This is the second biennium that not using infrastructure costs has been detrimental to community colleges in the way to ask for money. The reason community colleges ended up with deeper cuts is because K-12 and the university system started out with higher budgets based on their roll-up costs, so even though the cuts were the same for K-12, the university system and community colleges, the cuts were applied to these higher budget amounts. Director Margolin said that the 5.5% decrease to the community college support fund is not acceptable.

Director Margolin asked if there is a connection between the payment of the debt service on Capital Construction funds and the community college support fund. Ms. Braly said they are separate line items: the debt service is part of the CCWD operating budget, which is separate from the community college support fund. She believes there is no intention to change the way that is structured.

Director Williams asked why community colleges are not compensated at the same level as four-year institutions since community colleges do a better job in turning around the state economy in a shorter timeframe than four-year institutions. Ms. Braly believes that the Governor understands and has articulated the role of community colleges in the post-secondary delivery systems and understands that community colleges are the nimble workforce trainer, and she agrees the budget reduction feels inequitable. Director Williams asked Ms. Braly to convey to the Governor the request of community colleges to be treated equitably if they are expected to help turn the state economy around.

Director McKinney asked when Ms. Braly will make her analysis of the impact of the Governor's proposed budget available to board members. Ms. Braly said her preliminary analysis shows that the proposed budget will negatively impact community college FTE

by 3% per year both years of the biennium, which equals about 6,000 students. She will produce a budget analysis and make sure board members receive it.

Director McKinney asked why the Governor placed capital construction projects at a higher priority than direct support for community college services. Ms. Braly said the Governor believes this is an investment in infrastructure, which will create jobs while costing the State minimal General Fund money for debt service. It is a way to make this investment without having to pay for it immediately.

Director McKinney asked if there would be further discussion on the funding formula. Ms. Braly feels that the Governor's budget will impact the distribution formula policy. One reason community colleges started further down in funding requests is because the Legislative Fiscal Office calculates the excess property tax (the amount that exceeds what community colleges received in this biennium) and reduces our General Fund by that dollar amount. The community college budget was increased 2% (\$10 million) in inflation, but was decreased \$14 million because that is the amount predicted to be collected in excess property tax. The Legislative Fiscal Office (LFO) considers excess property tax a public resource that plays a central role in the distribution formula. All those facts will impact the proposal to the State Board of Education of how to use those resources in the equalization process. Director Germond sees this as a death spiral that will be difficult to get out of if community colleges continue to use the same funding formula. Community colleges need to make an effort to make some permanent changes. At a recent economic summit businesses were saying loudly that education must be funded. She hopes that legislators, the Governor and the Board of Education realize the serious implications for the State and will look at making some changes.

Director Palmer said community college boards need to become more involved at the community level and asked what plans the State Board of Education and the Community College and Workforce Development Department have in place to turn this problem around. Ms. Braly said it is their responsibility to articulate to the Governor what these reductions will mean to community colleges. She will make sure that all Oregon community college boards receive a copy of that response. James Sager, representing the Governor's office, attended the State Board of Education meeting last Friday. One of the goals adopted by the State Board of Education this year is to be a stronger advocate for community colleges. Dr. Jerry Berger communicated to the Governor's office exactly how this size of a reduction will affect community colleges and reminded them that this is not the only cut to the community college budget; it is a second cut on top of the \$50 million cut that will affect student access and affordability. Mr. Sager indicated his interest in helping CCWD build a budget similar to the way K-12 and the university system build their budgets, but he will need help from community college presidents and board members to collect the necessary data needed to do that in a way that builds a high level of confidence. Ms. Braly believes that will take time and will happen in the next biennial budget process.

Chair Anderson commented that this is the highest level of frustration she has ever seen with the budgeting process. It is obvious that community colleges need to do things differently to get different results. One of PCC's Board goals this year is to interact strategically, meaningfully and actively with the legislature to make things different. The Chair encouraged Ms. Braly to share the Board's level of frustration in places where it may have some impact. The President expressed appreciation for Ms. Braly's efforts in

working with the community college presidents on the equalization issue. Ms. Braly said she plans to take a report from community college boards to share in Salem.

#### Accreditation/Self-Study Status

Dr. Guy Sievert, Vice President, Academic and Student Services, and Lauren Kuhn, chair of the Accreditation Steering Committee, reported progress during the past two years on the accreditation self-study. The self-study is completed, and the report for the Commission and the recommendations to the President and the Board are being written. Ms. Kuhn reviewed the activities of each Standards subcommittee, and reported that the co-chairs of each subcommittee presented a first draft of their report and a presentation of their findings to the Accreditation Steering Committee last spring. The 850-page draft was shared with the college community for feedback via a web site and is now being edited down to the required 250-page document. The recommendations were prioritized and shared with the President's Cabinet and Planning Counsel, and task groups are being formed to deal with the recommendations for each Standard and coordinate them with the Educational Master Plan. The Accreditation Commission visit is scheduled for April 18-20, 2005. The Steering Committee will meet again in January to finalize the recommendations and discuss expectations for the visit.

Chair Anderson asked if the accreditation commission would need to meet with Board members. Dr. Sievert said they would, especially regarding Standards 1 and 9; those arrangements will be made through the President. Director Margolin asked if the college community has been supportive and involved in the process. Ms. Kuhn said the staff were extremely supportive and she has been very pleased with the level of involvement. Director Germond asked when recommendations would be presented to the Board and Ms. Kuhn said the Board would be updated at the January 24, 2005 board planning session.

Director McKinney asked for an update on the status of the service districts. Dr. Sievert said that last fall Dr. Berger, the presidents of the contracting colleges, and Dr. Sievert met to discuss how the contracting colleges would be dealt with in the accreditation process. In the past the Accreditation Commission has had a difficult time understanding this unique situation, but a very good process was negotiated with the Commission that will have the Commission look only at those aspects of the contracting colleges that affect degrees and certificates, since that is ideally what the process is all about. This will narrow the scope of what the contracting colleges will be required to do as part of our accreditation. The contracting colleges have been very active, cooperative, and supportive in this process. President Pulliams expressed his appreciation for the hard work of Ms. Kuhn and her team in this very important task.

#### Audit Report and Management Letter

Vice President McEwen reported that PCC has completed its annual audit and the auditors are here to report their findings. Mr. McEwen pointed out that audit requirements for public agencies are tightening in terms of accountability and this has consequences to the professional Financial Services staff in providing accurate information to the auditors. Associate Vice President Chung reiterated the fact that with increasing awareness of accountability, it is increasingly more important that we maintain financial integrity with the resources we are given. Roger Korvola and Angelique Whitlow from Talbot, Korvola, and Warwick announced that they performed an audit of PCC's financial statements and PCC received an unqualified opinion, the highest level of assurance that financial statements of an institution are free of financial mistakes. Mr. Korvola reviewed the few items that

could be improved, and Ms. Whitlow reviewed the findings (there were none) and the few questioned costs.

Director Germond found the letter of recommendation very interesting reading. Chair Anderson noted that four recommendations were listed last year and eight this year, and asked if the level of detail specificity has narrowed. Mr. Korvola responded that each year auditors alter their audit approach and zero in on certain areas more so than the previous year so different things "pop out." The management letter outlines areas where improvements can be made in how things are done, but are not perceived as reportable conditions or material weaknesses.

Director McKinney asked why the Foundation was looked at more in-depth this year. Mr. Korvola said it is a governmental requirement to show disclosure of all related entities, so brief financial information about the PCC Foundation was included in the notes to the financial statement, which had not been included previously.

Director McKinney asked how implementation this year of GASB34 and the Sarbanes-Oxley Act are impacting audit reviews. Mr. Korvola said the Sarbanes-Oxley Act applies only to publicly traded companies, so there is no impact when community colleges are audited. He has heard from several professional bodies that soon a similar act will be put in place for public entities' financial statement audits.

President Pulliams thanked staff for their hard work and excellent job.

#### FY06 Budget Assumptions

Vice President McEwen said last year the Board requested that staff start the budget planning process sooner this year. An expanded Budget Advisory Committee of 30 members was formed and will be meeting monthly, and Mr. McEwen is keeping the Board, President's Cabinet, and the Budget Advisory Committee informed of the budget assumptions and status of major changeable pieces of the budget. There is some clarity on the Governor's proposed budget and more information will be available tomorrow after the PERS Board meets on a major funding piece — increased PERS costs. It is hoped there will be additional information to share at either the January board business meeting or the January board work session. Associate Vice President Chung briefly reviewed significant budget assumptions identified to date.

Director Williams asked if the PERS increase would be bearable, when combined with tuition increases and reduced state support, and how these extra costs will be handled. Mr. McEwen responded that the extra costs would be covered by tuition increases, enrollment increases, and cost reductions around the college. President Pulliams said that after the PERS Board meeting tomorrow we will have the information needed to start making projections for the budget, which will be shared with the Board at the January work session and with the Budget Advisory Committee at their next meeting.

Director Margolin said discussions have not yet been held on increasing tuition and cited the ORS that mandates tuition be kept affordable for low-income residents. She is upset about the concept of raising tuition more than the previously approved increase for FY06 of \$1 per credit hour and hopes the Board will have in-depth discussions at the work session about making cuts rather than increasing tuition. The Chair pointed out that the numbers are still fluid and the College will not have firm numbers to use in planning for a while.

### Capital Construction

Vice President McEwen reviewed his memo to the President that outlined the six community colleges listed to receive capital construction funds from the State. He asked the Board to remember that this program requires a 50/50 match, so it is not free money. Two in-depth planning sessions are scheduled with the President's Cabinet in December and January that will provide further insights on facilities needs and link them to the budget and Educational Master Plan. The President will share this information with the Board at the January work session, then take Board feedback from the work session and incorporate it into budget plans during February. Staff will outline the work that needs to be done and determine if it is appropriate to hire consultants if there is work that staff are not skilled to do. Regulatory agencies play an increasing role in what is possible and not possible and at what price, and we will need to understand the right questions from the Board perspective to ask these regulators.

### **PUBLIC COMMENT ON AGENDA ITEMS**

Frank Goulard, a math instructor at the Sylvania Campus, encouraged the Board and President Pulliams to think of other ways than cutting staff and raising tuition to meet the temporary decline in funding during the next few years. He suggested using the ending fund balance, reserves, and other ways to fill some one-time needs.

### **BUSINESS SESSION**

Director Germond asked to remove Resolutions 05-036 through 05- 038 from the consent agenda.

Director Margolin moved to approve Resolutions 05-032 through 05-035, and 05-039, 05-040, and 05-042 by consent agenda and it passed unanimously.

Director Germond moved to approve Resolution 05-036; following brief discussion, it passed unanimously. Director Germond moved to approve Resolution 05-037 and, following brief discussion, it was approved unanimously. Director Germond moved to approve Resolution 05-038. Following discussion on whether there would be need for additional services from Right-of-Way Associates, the motion passed unanimously.

### **PUBLIC COMMENT ON NON-AGENDA ITEMS**

None

### **BOARD REPORTS**

Other Reports:

Michael Dembrow, President of the Faculty Federation, expressed regrets for missing Cam Preus-Braly's remarks due to a traffic delay. Mr. Dembrow suggested that the Board think about following the process used when passing a bond measure: consider this a top priority, and form a steering committee (including several board members) to advocate on behalf of community colleges with the legislature. He thinks that the message has not been stated strongly enough that advocating for community colleges is advocating for the economic future of Oregon. Those who will make the most difference with the legislature are representatives of the business community who are willing to put their organizations on the line to see that community colleges are funded the way they need to be. The Unions will be working closely with OCCA and the Oregon Student

Association to prepare a common agenda to push for additional funding. Due to budget realities, increased funding probably will not be possible, but community colleges need to push for as much funding as possible so they do not lose money during this legislative session. Ms. Braly will be making a recommendation regarding equalization funding at the next State Board of Education meeting for action in February. He feels that Ms. Braly will recommend a fair compromise and hopes that all community colleges in the State will support this plan and the legislative funding proposal so legislators do not have an excuse to take funding away and give it to other more organized groups.

Mr. Dembrow congratulated David Goldberg on behalf of the Faculty Federation on his appointment as the Director of College Advancement and said he looks forward to working with him

Mr. Dembrow received the unfortunate news that a decision was made to not restore the faculty positions temporarily eliminated last spring. Students' education will be harmed because of positions will not be restored. The ending fund balance is better than expected and he felt an implicit promise has been breached; it looks like there never was any intent to maintain those positions. Mr. Dembrow is looking forward to working positively on next year's budget and appreciated Director Margolin's comments regarding increasing tuition. He feels students would rather pay a little more tuition to have the courses available that they need.

Mr. Dembrow extended best wishes for happy, healthy and peaceful holidays to the Board members and invited them to the combined Federations' holiday party on December 16 at the Sylvania TLC at 5:00 PM.

#### Chair's Report:

Chair Anderson announced the January Board Work Session has been changed to Monday, January 24, 4:00-8:00 PM at the Sylvania Campus. The Board business meeting remains as scheduled on January 20, and the February board business meeting date has been changed to February 24 to accommodate board members returning from the ACCT Legislative Summit in Washington D.C

Director Williams thanked Dr's. Poppe and Gatewood for their participation in mayor-elect Tom Potter's discussion on re-entry into the work force and prevention of recidivism. Both contributed a lot of excellent ideas that will be used in the Mayor-elect's platform for the future of Portland.

Chair Anderson welcomed David Goldberg, and said the Board looks forward to working with him starting January 3. He will have some big shoes to fill!

#### President's Report:

President Pulliams also extended his congratulations to David Goldberg and knows he is up to the task ahead. He is already thinking of new ideas for College advancement in terms of lobbying, fund raising and the planning process.

The President said he and Dr. Poppe are working on plans for a Business Forum for the district. They plan to attract top CEO's in the region to talk about how to provide better services for our district and make better connections with business.

These are difficult budget times, but PCC will get through it because PCC is a strong institution made up of enthusiastic students, a dedicated staff and faculty who will be active and supportive even though facing challenges. Community colleges have the responsibility to make sure the legislature understands what is happening to community colleges and to restore the necessary funding. He is anxious to work together with the Federations and students in an aggressive lobbying program for our regional delegates via letters and phone calls. Ms. Coulton will be drafting letters to local businesses to solicit their support as well.

The President wished everyone happy holidays and announced a holiday reception for the PCC board, PCC Foundation Board, and executive staff on December 15 at the Heathman Hotel at 5:30 PM. He also wished Director McKinney a happy birthday.

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 9:40 PM.

### **NEXT MEETING**

The next meeting of the Portland Community College Board of Directors will be held on January 20, 2005 7:30 PM in Conference Rooms A and B at the Sylvania Campus.

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Chair Anderson

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District President Pulliams

Prepared by:

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Judy Schwartz  
Assistant to Board of Directors

Minutes approved on January 20, 2005