

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

MINUTES

BOARD OF DIRECTORS WORK SESSION and EXECUTIVE SESSION
Sylvania Campus, Board Rooms A/B
January 9, 2009

BOARD ATTENDANCE

Board Members Present:

Denise Frisbee, Jim Harper, Jaime Lim, Marilyn McGlasson, Bob Palmer, David Squire, Harold Williams

CALL TO ORDER

Chair Frisbee called the work session to order at 8:50 AM and reviewed the meeting agenda.

APPROVAL OF THE AGENDA

The agenda was approved as published.

CHAIR FRISBEE ADJOURNED THE WORK SESSION AT 9:00 AM.

EXECUTIVE SESSION

The Board of Directors convened an executive session for Real Property Transactions and Litigation in accordance with ORS 192.660 (2), (d) and (e) at 9:00 AM, adjourning at 10:30 AM.

**CHAIR FRISBEE RECONVENED THE WORK SESSION AT 11:00 AM,
WELCOMED ATTENDEES AND INVITED THEM TO INTRODUCE
THEMSELVES**

2008 BOND PROGRAM – GLOBAL PLANNING QUESTIONS

President Pulliams asked Randy McEwen, District Vice President, to discuss global bond program planning questions that could potentially rise to Board Policy Level. Mr. McEwen said preliminary discussions have begun with Dr. Pulliams and Cabinet Staff to identify policy level items about which the Board would likely want to have discussion or make recommendations regarding implementation of the bond program.

Mr. McEwen said the first recommendation from the Cabinet to the President was that the bond program be managed internally with a core staff of PCC employees who have a variety of specialized skills. Additionally he suggested that separate

architectural and engineering firms be hired for each campus with no firm doing work for more than one campus. This approach will provide a diverse perspective, reduce the one-size-fits-all product that could be created if the same firm did all work, and spread the benefits of the bond program to a wider number of firms and employees. Mr. McEwen said there would be a benefit to having advisory groups that provide a strong, active, public involvement process oriented to the unique community surrounding each campus. The College will make final decisions about all components of the process. Program management will be done at a District level to ensure adequate funding is available to complete all elements of the program.

Dr. Pulliams asked Mr. McEwen to describe how the active community process would work. Mr. McEwen said it could be lead by a person in a bond funded advisory position who will maintain strong linkages to current campus community relations staff and academic staff. The person in this position will have responsibilities including creating regular information newsletters and hosting community input meetings to foster engagement and communication with District citizens regarding the process of moving the bond program forward. This process would also present opportunities for Board members to interact with District citizens and help raise visibility of the College in the community.

Chair Frisbee asked if a proposed schedule for various projects in the bond program at individual campuses and centers along with plan concepts such as sustainable building practices would be prepared for the Board. Mr. McEwen said a draft will be created in the near future. He added that it will also be important in executing this program to preserve the ability for the campuses to change and evolve to meet ever-changing academic needs and to stay within the financial constraints. Chair Frisbee complimented the plan and thanked Mr. McEwen for the report.

BUDGET OUTLOOK

President Pulliams reported that budget planning for the 2009-2011 biennium continues for the Cabinet and Budget and Planning Advisory Committee (BPAC) and that the current budget mode is cost containment. He said that although this is a time of budget restriction new initiatives and strategic investments will continue to be evaluated when it makes sense that to do so, best serves students and the community, and can be done within the current level of State funding. He also noted that the Governor has committed to keeping community college funding whole for the first year of the 2009-2011 biennium. To keep community college funding whole for the second year Strategic Education Funds would have to be used but taking that approach would require an additional Legislative Session with no guarantee the plan will be approved. He also noted that a moderate tuition increase will likely be needed. Dr. Pulliams said this would be a challenging lobby season especially with the bad economic news. He asked Mr. Chung and Ms. Chevalier to share potential budget scenarios for the College looking at State Community College funding levels at \$485, \$525 and \$540 million.

Mr. Chung noted that the Governor proposed all State agencies reduce their FY 2009 funding needs by 1.2%, creating a \$1.4 million reduction for PCC. He added that due to FY 2008 fund balances and increases in current enrollment PCC should be able to absorb that loss. Dr. Pulliams said enrollment was up about 8% Fall term and that increased enrollment will likely continue as a result of the current need for new or upgraded job skill training. He added the poor economic situation means students more than ever appreciate the comparative low cost of PCC's tuition.

Director Palmer asked Dr. Pulliams what Federal assistance to community colleges is anticipated in President-Elect Obama's proposed stimulus package. He noted that community colleges are uniquely positioned to provide both short and medium term training options that could quickly move the work environment forward to move the economy in a more positive direction. President Pulliams said several strategies are being explored and asked Ms. Watkins to respond to the question. Ms. Watkins said the American Association of Community Colleges (AACC) is actively working to get community colleges into the economic stimulus package and three priorities have been identified: PELL grant increase of \$700 per student, college infrastructure investment of \$5 billion, and a boost to community job training grants of \$1.5 billion. PCC has sent letters in support of these priorities, provided requested information to affiliate organizations about ways PCC can participate in this program, and sent a list of PCC's deferred maintenance needs to the Governor for inclusion in the State's stimulus request to the incoming Obama administration. She added that there is tension in the process between proposing shovel-ready projects that would get people back to work quickly and advancing the long-term priorities like green technology and energy efficiency. President Pulliams added that in his upcoming visit to Washington, D.C. he would be meeting with legislators to advance the College's position and to get a sense of the Oregon delegation's plans in relation to the Portland area.

Ms. Chevalier said funding provided at the \$485 million level would reduce PCC's State funding by \$1.75 million in the first year and an additional \$4.4 million in the second year of the biennium. Funding at the \$500 million level would create a gain of \$2 million over the biennium. When coupled with other expected resources, revenue would increase \$14.5 million increase over the biennium, but when anticipated expenditures are figured in a \$6.1 million deficit would exist. Funding at the \$525 million level would result in revenue adequate to continue current operations and have about \$5 million remaining at the end of the biennium to apply to new initiatives. New initiatives would only likely be considered if they generate revenue and would become self-supporting programs. She added that tuition increases of \$2 per credit each in 2010 and 2011 would increase tuition from the current \$70 per credit to \$74 per credit in 2011. Small property tax increases would provide some revenue increases. In these scenarios salary and benefits costs at current levels were used but are subject to change with upcoming classified and faculty contract negotiations. She added that other revenue creating and cost reduction items are being reviewed to help reduce anticipated budget deficits.

Director Squire asked if goals had been created for administrators to use as they identify cost reductions and efficiency. Ms. Chevalier replied that the only target they have been asked to use is that any changes need to be toward stabilizing the budget's bottom line to make the College revenue neutral. She added that until contract negotiations are completed and salary and benefit costs are known the bottom line can't be a specific number.

Chair Frisbee asked Ms. Watkins what range of support the Oregon Community College Association (OCCA) is seeking for community college funding from the State. Ms. Watkins said \$525 to \$540 million with the anticipation that the request will likely be closer to the \$525 million. President Pulliams added that PCC must be strategic in budget planning to be able to deal with future economic events. He said that PCC's strong financial leadership has put the College in a more positive financial position than many other Oregon community colleges. He complimented staff for their diligent work to reduce costs. Chair Frisbee thanked Dr. Pulliams for his foresight in keeping the College in good fiscal shape.

AUDIT AND SURROUNDING ISSUES

Chair Frisbee noted that in the 2008 financial audit just completed neither fraud nor mismanagement were identified but that new auditing standards resulted in identification of material weaknesses that need to be corrected. Talbot Korvola and Warwick, LLP's (TKW) 2008 Audit report will be presented at the January 15 business meeting. Director Williams questioned that the material weaknesses identified might be in retaliation for comments made during the TKW presentation at a past Board meeting and questioned if it might be time to choose another audit firm. President Pulliams said that the material weaknesses the audit firm cited are valid and the College will address and correct the problems. Chair Frisbee suggested that TKW has been the College's outside auditor for the past seven years and it may be time to consider other firms but that TKW should be considered along with any others who might respond to an RFP. Director McGlasson added that the listed infractions are not really serious but TKW used poor form in announcing the problems in the public meeting. She also said it may be time to consider issuing an RFP for audit firms just as a matter of sound business practice. President Pulliams added that in the future the College has plans to hire an on-staff internal auditor to increase the College's ability to identify possible fiscal concerns quickly.

ANNOUNCEMENTS

Chair Frisbee reported that Congressman Earl Blumenauer remarked to her some of Gerding Edlen's representatives told him that PCC had demonstrated extraordinary commitment to reducing the Willow Creek project's carbon impact and that the project would likely reach LEED platinum status. Chair Frisbee complimented Linda Degman, Willow Creek Project Manager, on the accomplishment

Dr. Pulliams asked Ms. Watkins to report on PCC Foundation news and announcements. Ms. Watkins said that contributions to the foundation that will be included in the Miller Match are only about \$100,000 shy of the \$320,000

maximum. If the maximum is achieved it will mean a total of about \$1 million will be able to be awarded for scholarships this year. He commended Ms. Watkins and her staff for the accomplishment.

Dr. Pulliams announced that Randy McEwen will serve as Executive Director for the bond program. Board members expressed their confidence that he was an excellent choice.

LEGISLATIVE STRATEGY

President Pulliams noted that several Board members will attend the OCCA Legislative Summit in Salem in January as well as the Association of Community College Trustees (ACCT) Legislative Summit in Washington, D.C. in February.

Ms. Watkins said it is currently unclear what issues the Legislature will take on first and priorities seem to change from day-to-day. She said discussion about education and the community college budget will likely not take place until sometime in March to allow lawmakers time to have a clear sense of direction regarding available revenue. She said the request for State funding is anticipated to be between \$525-\$540 million for community colleges and will be focused on the Community College Support Fund, capital construction and State financial aid for students. Ms. Watkins said the statewide-prioritized list of capital construction projects includes Cascade Campus's Center for Educational Excellence that is expected to be partially funded in the 2009-2011 budget. She noted that Governor Kulongoski proposed an additional \$50 million for the Oregon Opportunity Grant for the upcoming biennium.

Ms. Watkins said Senator Peter Courtney is working on a State Economic Stimulus Plan and that OCCA and the Department of Community Colleges and Workforce Development (CCWD) are creating criteria for developing a prioritized list of community college deferred maintenance projects.

Ms. Watkins said due to severe weather most of the Legislative breakfasts were cancelled but the Rock Creek event was held with Senator Suzanne Bonamici attending.

She said staff will participate in weekly Legislative update calls with OCCA and will provide support throughout the session by attending and testifying at committee meetings. She also said Board support in attending some of the committee meetings and testifying would be valuable. She concluded by saying the message to Legislators will continue to be that community colleges are a safety net for people who have lost jobs and community colleges can be an economic stimulus by providing training and in jobs created through construction and deferred maintenance activities.

Dana Haynes, Public Affairs Manager, reported that he had just returned from giving the PCC student body information about how to lobby and that students are energized and excited about being involved in the lobbying process for the College. Mr. Haynes said the Federations will also be great partners in the lobbying effort. Director Squire requested that a schedule of events be sent so Board members might attend. Ms. Watkins said they would be happy to do that but advised that often there is very short notice given for these events.

ADJOURNMENT

The work session adjourned at 1:00 PM.

NEXT MEETING

The next business meeting of the Portland Community College Board of Directors will be held on January 15, 2009 at 7:30 PM in Building 9, Room 122a/b at the Rock Creek Campus.

Denise Frisbee, Board Chair

Dr. Preston Pulliams, District President

Prepared by:

Lorna J. O'Guinn
Assistant to Board of Directors

Minutes approved on February 19, 2009