

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

MINUTES

BOARD OF DIRECTORS BUSINESS SESSION
Rock Creek Campus, Building 9, Room 122 a/b
March 21, 2013

BOARD ATTENDANCE

Board Members Present:

Chair Denise Frisbee, Vice Chair Deanna Palm, Jim Harper, David Squire, Gene Pitts, Kali Thorne Ladd

STUDY SESSION

The board received information updates from Advancement on a recent public opinion poll and the new PCC micro site.

EXECUTIVE SESSION

The Board of Directors convened an executive session for Labor Negotiation, Real Property Transactions, Information Exempt from Public Disclosure (Attorney-Client Privilege) and Litigation Employment of a Public Officer, Labor Negotiations and Real Property Transactions in accordance with ORS 192.660 (2), (d), (e), (f), and (h) at 6:45 PM, adjourning at 8:05 PM.

CALL TO ORDER

Chair Frisbee called the business meeting to order at 8:10 PM and invited all present to introduce themselves.

APPROVAL OF THE MINUTES

The February 21, 2013 minutes were approved as published. Harper/Squire

APPROVAL OF THE AGENDA

The agenda was approved as published. Squire/Harper

INFORMATION SESSIONS

Annual Internal Audit Report

Dave Terry provided an overview of the 2012 internal audits conducted and reported to management and the Board Audit Committee during the 2012 calendar year. This annual report helps demonstrate the adherence to international standards for the internal auditing and the Boards commitment to being good stewards of public funds. Mr. Terry provided a brief overview of the internal audit reports. He covered the four

audits of 2012; these were Financial Aid, Corrections Education, Aviation Science and Contracted Flight Instruction, and Adult Basic Education with Title II Grant Funds.

Overall, management generally agreed with the audit recommendations made within the reports and have taken steps to develop corrective action plans to address the recommendations. Some of the issues have been resolved to date.

He covered each report with more detail, along with executive summaries.

Rock Creek Campus Update

Dr. Birgitte Ryslinge, Interim President, Rock Creek Campus, Dr. Betsy Julian, Dean of Science and Technology, Rock Creek and Ms. Laura Fellman, Physics Faculty and Faculty Department Chair, Rock Creek

Dr. Ryslinge gave a few brief updates about Rock Creek. There was a brief video focusing on STEM at Rock Creek. Dr. Julian concentrated on the outreach they are doing to get student into the STEM fields. They shared a slide show with the group of activities that have happened at Rock Creek highlighting students.

Rock Creek was selected by Intel to offer a 6-week program for students enrolled in STEM courses. They were only 4 campuses across the country that was selected. They will be able to handle up to 150 students from universities, community colleges and high school graduates who will be in an engineering or computer science programs. Intel hopes to be able to recruit students for internships from this program.

Presidential Search Update

Chair Denise Frisbee gave an update on the where the board stands in the process of the search. They are reviewing the feedback forms received from the campus forums and their notes from the interviews. A decision will be made soon on this critical matter. Everyone is committed to the students and the excellence of the institution.

Adjourn Business Session and Convene as College Budget Committee in Accordance with ORS 294.406 (2)

President's Budget Direction

Dr. Pulliams offered some opening remarks that the theme of this year's process is uncertainty in terms of what will happen when. There are a number of large sources of revenue that we have no idea where they will end up because of the fragileness of the economy that determines the funding we will receive from the state. Another factor is the large PERS costs increase and what may end up with the plans for the Governor to make revisions to the system. We still do not know the costs for the completion agenda and the factors around achieving that. They all could have a major impact to our budget. We will have further conversations on how we make the budget investments and where to put dollars in terms in of the completion agenda.

The co-chairs budget was released on March 4, the number was disappointing. We expected it to be higher than the Governor's numbers, but it was the same with 2% hold back in the 2nd year of the biennium. The college has stayed conservative about the number which has left us in good shape.

PCC has served 7,300 FTE students for whom we receive no additional state funding. We cannot continue to do this; it has put us in a deficient operating position. The sense was that we still need to support access but with a balanced approach to support the completion agenda as well. Planning for a future of slowly declining enrollment is the reality we need to face with the economy improving. We are at -1.5% now. Also, despite these economic challenges, there are parts of the college and programs that need investments such as the SE Center moving to a comprehensive campus.

The principle direction is if the state revenue increases, the benefits will be shared between tuition and cost reduction. . We are continuing to guard against decreasing enrollment, but we must keep the governors intent very clear that it is not about funding growth but about completion. We cannot predict how that will end up. The shift is going to begin with the new biennium and we need to prepare how that will affect the bottom line. We have also made adjustments to fund the operating cost of new facilities presented in February 21 after the timing of building completion was re-aligned,

Dr. Pulliams wanted it to be publically clear that he will not support a package of decisions that includes the \$6/\$5 tuition increases and normal compensation benefits for faculty and staff. We must also stop any deficient spending going forward. The minimum board requirement is that the fund ending balance does not go below 8%, after subtracting out the deferred 8th payment from the next biennium to which we have no legal claim until the legislation approves it.

The news does not look positive as far as locking down the numbers soon. The board and all of you realize the challenge of this size budget without real numbers, which are all estimates, which is our best approach. We will be conservative as possible to keep the college in a good financial stead. When the revenue picture gets formulated, we will look at all investment opportunities including a rollback of the 2nd year tuition increase. We will continue to engage the college stakeholders in our budget planning process. The BPAC committee is meeting monthly to give feedback on the budget development. There may be a need to extend the membership across the district. We hosted and will continue to keep the college informed as we move through this process of budgeting. There were a number of forums to update the district on the budget thoughts and progress in February and March of this year. We will also continue to push the PEAK initiatives to look at efficiencies and new ideas for cost savings.

This is a difficult reality. Dr. Pulliams stated that one of his most basic responsibilities is to articulate the realities as he sees it. This does change from time to time, but for four years we have 40% more students with 20% decreased funding from the state. There is no quick fix to this on the horizon. We must continue to reduce cost unless we are willing to ask students to bear more of the cost, which is entirely unfair and unacceptable.

Budget Development Assumptions

Wing-Kit Chung followed up with more specifics about what Dr. Pulliams talked about regarding some of the changes since February 21. Jim Langstraat reported that the big

change since the meeting was the co-chairs budget and the 2% hold back. The 2% hold back for us represents about \$2.5M. Right now it is all scheduled to come out of the second year of the biennium, should these PERS and other reforms not take place.

The completion allocation formula is still in developing so nothing has been agreed upon yet. Right now there is no change in the funding based upon completion allocation formula. That is moving the funding scenario from headcount to completion outcomes. There will be some type of completion outcome funding for the upcoming biennium. The intent is that the decision will come from OEIB. There is still the same cap on enrollment from the state. We are over-enrolling above the funding level. Tuition increases were approved by the board of \$6 and \$5.

We are building the base budget on 28K credit tuition paying student FTE for this next biennium. The property tax estimate is remaining firm with about \$750K increase each year. In November we were looking at a deficient in the 6.26M range for the 2-year biennium. That was based on the board approving the \$6 and \$5 tuition increase. Changes since then is taking out the \$2.5M hold back from the co-chairs budget in the 2nd year of the biennium, as we have done our work on the detailed budget that goes into the accounting system we talked about under the Title III granted funded positions that will move to general fund. The bond build out estimate has been updated; we need fewer dollars in the first year of the biennium because not everything is happening according to the original bond schedule. In preparing for negotiations, the insurance amount was unbudgeted as well as employee tuition waivers. Those are being increased to bring them up to an actual expenditure level. That brings the revised deficient down to \$7M for the first year of the biennium, up to \$12M for the second year of the biennium. Previously we have talked about the three tracks that we are looking for expenditure reductions.

The Three Tracks of Planning:

- **Track 1:** Compensation and Benefits cost reduction opportunities--all employee groups. This track is subject to collective bargaining. The meeting with the federations is underway.
- **Track 2:** 4% Reduction target for each executive area (campuses and divisions). This will achieve about \$7.2 million in savings.
- **Track 3:** District-wide actions and efficiencies, up to \$1.5 million in saving in the 2nd year of the biennium

If Track 1 reductions are successful, we would be able to balance the second year of the budget and in the first year, there would be a little surplus to replenish fund balance for some of the over expenditures in recent years.

We are still working on the detail of the budget that will be presented to the board at the April meeting. As we get new information our estimates may change over time, but that is where we are at this point. The legislature is still meeting and going through deliberations around the budget. At the April 18 board meeting, the board will meet as a budget committee and hold a hearing on the proposed budget and adopt a resolution to approve it. It is important for the board to realize that even after this point, changes can still be made through the adoption of a supplemental budget. May 16 will be the next Oregon Economic Revenue Forecast; it is likely that we will not know our final

funding amount from the state until that report is out. May 21 there will be a hearing with TSCC to certify our approved budget. Then on June 20 the board will hear the certified budget and adopt the budget.

Board Budget Discussion

Director Ladd asked if they would be voting on the budget in April. Chair Frisbee stated that there is a hearing in April and it must be adopted in June. Wing-Kit Chung explained that there is a 3-step process we need to go through. The first one is the approval by the Budget Committee. In Multnomah County the Board of Directors serves as the Budget Committee. Once the budget is approved in April it then has to go through the certification process for Multnomah County. Once they certify the budget, the board will meet in June as a Board to hear it again and adopt it so can receive appropriation and levy taxes. Dr. Pulliams noted that it can change, it is not locked. It is limited by a 10% increase after the budget is approved. There is no limit in decreasing. 10% of PCC's budget is in the \$18-19M range for the general fund. Even if the state came forward with additional funding it would fall in that 10%.

Public Comment

Pablo Nieves Valenzuela, Rock Creek Director of Legislative Affairs for ASPCC District Student Council stated that as a student he has asks what students can do to help community colleges across the state. Usually we are told to organization and mobilize the student body and make your voices heard by the Oregon legislators. The District Student Council is ready to do that and at the beginning of next term they are going to be mobilizing the student body to a state-wide rally on April 25th in Salem. We are hoping to get significant coverage. The students are doing their part, but would like to know how to work with the Board of Education and the Board of Directors and what this body is doing to help us out on that front. Chair Frisbee thanked him for his efforts in this cause. She added that the board has been working with the legislators through our Government Relations Director, Rob Wagner who has been organizing our interactions with our legislators. Just last week we all called our various legislators and have made many trips to Salem. Pablo added that as students it would be great for everyone to go into lobby appointments together. Director Harper stated the more we can partner with each other's efforts we can show students and board members and faculty will make a big difference in Salem. Director Palm stated that another that could be really effective is that a lot of legislators come up on the weekends and hold town halls throughout their communities, connecting with them in their communities will help PCC stand out. Mr. Valenzuela stated that it is great that our messaging is on the same page. Director Ladd asked Mr. Valenzuela to let Rob know of events that he feels that board members' attendance would be beneficial.

Adjourn College Budget Committee and Reconvene as Business Session

PUBLIC COMMENT ON AGENDA ITEMS

None

BUSINESS MEETING

Director Harper proposed approval of Resolutions 13-074 through 13-081. The motion passed unanimously. Harper/Squire

PUBLIC COMMENT ON NON-AGENDA ITEMS

None

Other Reports:

Frank Goulard, President, Faculty and AP Federation

He noted that finals are coming up and folks are gearing up for Spring Term. He will be attending the ICTCM Math Conference in Boston; this trip was funded by outside sponsors. Part of his role is to recruit exhibitors to the National Math Conference in Community Colleges which he is the Exhibits Chair. The statewide AFT Oregon Convention held in Bend. Michael Dembrow will be attending, along with other Representatives from the area.

Pablo Nieves Valenzuela, Director of Legislative Affairs for ASPCC District Student Council, Rock Creek

There is a lot planned for Spring Break, students are being sent to Washington, DC to lobby federal Senators and Representatives. This is a program from ASPCC. We will be finalizing the selections for the legislative internship program. Next term, we will be awaiting word from the Oregon Presidents Council and the student fee autonomy resolution. Once we get this feedback, there will be discussion at each campus and how to deal with it. We will be having a recruitment campaign for the April 25th Rally Day in Salem. The campaign will last three weeks and look very similar to voter registration. ASPCC will be sponsoring a book exchange for students, along with planning the end of the year party for students.

Board Reports:

Director Harper wanted to recognize and thank the Chair and Co-Chair for their work on the Presidential Search Committee, along with Neal Naigus. We had the opportunity to talk to a lot of faculty, staff, and students. It was a good chance to see what we are all about and what we are doing.

Director Squire especially thanked Chair Frisbee for her leadership and keeping everyone on track.

Director Frisbee thanked the board and stated that this is a very hard-working board and in the last month there has been a great deal on their plates and they have stepped up. This board is committed to the college.

District President Report:

Dr. Pulliams called Kristin Watkins to quickly update the group on the Campaign for Opportunity. This is the commitment of Dr. Pulliams to raise \$1M before he leaves on July 1, 2013. She reported that the campaign is past the half way mark towards the goal. We are working to bring in some net proceeds of \$150,000 for the Gala. There are a number of prospects to raise the rest of the money. Dr. Pulliams stated that there is an opportunity to give tonight.

Dr. Pulliams thanked Directors Ladd and Harper for attending the Black History Month event. He commended Dr. Combs was an exciting Black History Month.

He thanked Chair Frisbee and Directors Harper and Squire for attending the Harold Williams events, also for attending the Foundation receptions for the presidential finalists. Dr. Pulliams noted that he has heard great things in terms of the process, and know firsthand it works best when it is an open process. People are engaged and that is how it works.

He recognized Vice Chair Palm and Directors Squire and Pitts for attending the Rock Creek Beam Signing for Building 7. This reflects the spirit of this board and their willingness to step up.

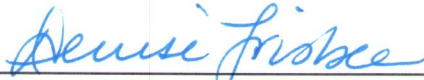
Reminder to all that Spring Break is next week.

ADJOURNMENT

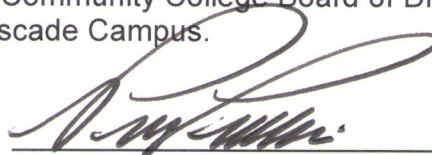
There being no further business, the meeting adjourned at 9:35 PM.

NEXT MEETING

The next business meeting of the Portland Community College Board of Directors will be held on April 18, 2013 at 7:30 PM at Cascade Campus.

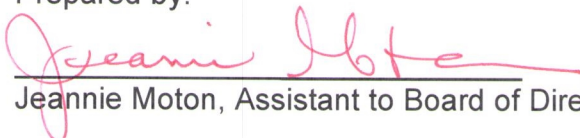


Denise Frisbee, Board Chair



Dr. Preston Pulliams, District President

Prepared by:



Jeannie Moton, Assistant to Board of Directors

Minutes approved on April 18, 2013