

**BREVARD COMMUNITY COLLEGE
BOARD OF TRUSTEES
BUDGET WORKSHOP**

May 22, 2000
4:00 P.M.

Rm. #168, King Center
Melbourne Campus

PRESENT: Eugene C. Johnson, Chairman; Betts O. Silvernail, Vice Chairman; James W. Handley; Mrs. Miriam E. Martinez; Dr. Alexandra M. Penn Williams; Joe D. Matheny, Attorney; Thomas E. Gamble, Secretary

1. CALL TO ORDER:

Mr. Johnson, Chairman, called the meeting to order.

Dr. Gamble suggested conducting a Marketing Workshop prior to the June 19, 2000, Board of Trustees meeting at 2:00 p.m. It was the consensus of the Board to conduct the workshop.

2. BUDGET PRESENTATION:

Mr. Al Little, Vice President of Business and Administrative Services, introduced two key members of his staff who assisted in the development of the budget presentation -- Ms. Ann Knotts, Director of Collegewide Budgets and Mr. Mark Cherry, Associate Vice President for Accounting. Mr. Little reported that the budget is the financial blueprint for how the college will proceed for the next year. There are 253 departments requesting dollars for next year. In addition to the departmental requests, his staff and him also worked on the budgets for utilities, personnel, telephone service contracts and other areas to keep the college operational throughout the year. Once all of the detailed information was obtained, it was combined and presented at the District President's Cabinet Budget Workshop on May 5. At that time, the Cabinet members determined the recommendation to the Board of Trustees. In summary, Mr. Little felt the college had done a good job in analyzing the individual and large items and he felt the budget recommendation was conservative enough to allow for adjustments if needed, however, allows the college to proceed to bring the institution forward.

(1) Legislative Appropriations

Mr. Little reported the college has four main sources for income for its operating funds. The Community College Program Fund or CCPF is the base appropriation to teach the college credit classes and to operate administrative services. The Division of Workforce Development is utilized for teaching vocational courses. Other fund sources are lottery dollars and student fees. This year the legislature funded an increase of 5.1% in the total appropriation. Due to the stellar investment returns from the Retirement Division, the legislature agreed to reduce the percentage paid to the state for the Florida Retirement from 10.15% to 9.15%. The bottom line, including retirement savings, is an increase of 5.58%.

Mr. Little reported there are several factors which reduce the percentage allocated. One is the retirement savings which is part of the legislature's computation. A large part of funds comes from grants, which the college will not receive, as they will not pay the college for costs they do not incur. In rolling the budget forward, the college based this year's revenue budget on an assumption of FTE at the level of the current year. However, enrollment decreased between 6-7%. This year's budget will have to be adjusted for the shortfall in revenue. The true state increase, therefore, is \$44,241,180. With other BCC revenue such as interest earnings, non-credit tuition, revenue for the Business and Industry Training Center, rental of college facilities and other revenues, it brings the total revenue being proposed for this year to \$47,743,621. Compared to the current year's budget, that is a 3.95% increase.

Mr. Little reported BCC was awarded \$2.44 million for general renovation and repairs from Public Education Capital Outlay (PECO) funds. The college also receives an annual allotment from license tag revenue called Sum of Digits Money, which totals \$1,062,239 this year. Finally, matching funds were received for two projects, which were approved by the legislature to fund a \$288,000 project at the King Center for the Performing Arts to replace carpeting and an \$80,000 project to upgrade site facilities around the County Fair site for the Palm Bay Campus. The state approved just under \$1.4 million for the conversion of WBCC to digital broadcasting which requires a one to one match. Mr. Little reported the college will be bringing a separate Capital Outlay budget to the Board within the next month or two and these issues will be discussed in more detail.

(2) Budget Summary

Mr. Little reported the bottom line the college uses when completing the budget is the unrestricted fund balance. This is basically the amount of money the college budgets to have in reserve at the end of the year. Once this fiscal year is closed out, a budget amendment will be brought to the Board to bring the fund balance to what is actually remaining from this year. It is hoped that the fund balance will rise enough this year to enable the college to write-off the Florida Teaching and Research Laboratories (FTRL) receivable and to stay above the 4% minimum fund balance allowed. Florida State Statutes requires the college to maintain an unrestricted fund balance between 4-10% of the total of the prior year's fund balance and the current year's revenue. Historically, BCC has been at 4%. This balance provides the college with little flexibility should the college encounter a poor funding year or unexpected expenditure. The long-term objective is to get out from under the FTRL receivable and to raise the fund balance percentage.

(3) Revenue Budget

Mr. Little reported student fees shown in the material provided shows all student fees expected from the coming year for credit and non-credit enrollment. This also includes other fees such as application and lab fees. Each year the legislature publishes a standard fee to be charged for classes. Mr. Little reported the projected student fees are prepared by utilizing the current year enrollment with the new fee rate approved by the legislature. In taking the college from last year to this year, he utilized what is being projected in student fees for this year less the loss from the reduction of enrollment.

Dr. Gamble reported the Marketing Workshop next month will include demographics. This will allow the college to review the penetration area for marketing. At this time, basically 42% of the high school graduates from the high schools in the district who go on to college start their college experience at BCC. From a state and national perspective, this is a high percentage. The state average is approximately 28%. Dr. Gamble felt the college should focus a lot more on the potential student population of 25 years and up in the marketing efforts.

Mr. Little reported the bulk of the college's revenue is from state appropriations, which total \$34,617,000 for this year. These revenues are assured, unless there is a statewide cutback due to revenue receipts not coming in to equal projections. Revenues from sales and services include those from the planetarium, cosmetology, dental clinic, facility rentals, college grants, interest earnings, fines and incidental revenue anticipated during the year. Generally, all of the colleges charge close to the maximum tuition allowable. This year BCC is recommending a total fee of \$47.50 for college credit resident tuition per credit hour, which is an increase from the current \$45.00. Other recommended fee increases are a small increase in the vocational credit courses and the legislature dictates the amount that all institutions offering vocational classes will charge. The \$39.08 resident fee per credit hour for vocational classes is an increase from the \$37.00 charged last year. Non-resident fees are also set by the legislature. The A&P rate is increasing approximately 6%, while the PSAV out-of-state rate is decreasing 10% due to a change in how the state calculates the rate. Mrs. Silvernail asked if there was some reason the college uses the prior year budget versus the actual. Mr. Little explained that the college's year does not end until June 30, 2000, therefore, he could only provide a projected amount. He further explained that at the end of the year the college will present a budget amendment with actual amounts. Mr. Little answered questions presented by the Board and noted there was an explanation of major changes in departmental budgets included in the Board Workshop materials.

(4) Expenditures By Type

Mr. Little reviewed the breakdown of the proposed budget by type of expenditure. Compared to statewide averages, salaries statewide are approximately 76%, compared to BCC's which are close to 74%. The statewide average for operational expenses is approximately 20%, compared to BCC's at 22.9%. Capital Outlay statewide is approximately 4%, compared to BCC's 3%. BCC should typically show a higher operational percentage than the average, due to the large number of square feet of facilities which must be maintained. The bond payment covered by the college for the Florida Teaching and Research Laboratories inflates this amount in the operation's budget. The need over the long-run is to shift dollars from operating expenses to salaries to bring the salary structure to a level on average with the rest of the state. The college is also a little under the average for capital outlay, however, at this time it is not a critical issue. With the funding the college receives for capital outlay out of the operating fund, as well as what the grants and other areas are able to address, the college is in good shape with capital outlay.

Mrs. Martinez asked if the college were to remove the bond payment burden if the percentage would be more like the state average. Mr. Little reported if the amount of the annual bond obligation was placed into salaries the college would be closer to the state average.

Mr. Little reviewed the personnel area of the budget. Dollars have been set aside to provide the staff and faculty with across the board raises required to be more competitive with local industries and other state community colleges. A recommendation is not being made for part-time faculty this year as a significant increase was provided last year and the college feels those rates are competitive for the current year. The personnel budget includes only the most crucial new positions. Most of the positions are directly related to instructional support. No increase is being recommended in the administrative positions this year. The college has had to budget for a 20% increase in health insurance effective January 1st of this year. This is based on what a lot of other companies are finding in the market place.

Dr. Penn Williams asked why the Board members were not provided with the 1999-2000 figures for the expenditures. Mr. Little reported he would provide this information to the Board. Mrs. Martinez asked Mr. Little what the largest increases are on the personnel side. Mr. Little reported the largest amount set aside was for salary increases. In addition to salary increases, there is the 20% increase in health insurance. Dr. Gamble reported the college is focusing new staffing primarily on those relating directly to the instructional program, i.e., lab technicians.

(5) Expenditures by Function

Mr. Little reported there is little change in the overall categories this year. There are some small percentage changes from last year to this year. Mr. Little reviewed the expenditure functions with the Board. The budget for part-time faculty has been placed in the Campus President's budgets, instead of in the departmental budgets. This greatly impacts the percentage increase.

(6) Operating Budget - Department Breakdown

Mr. Little reviewed the operating budget and department breakdown and answered questions presented by the Board of Trustees. Mr. Little reported at the District President's Cabinet Budget Workshop the Cabinet pulled out ten percent of the departments either in the high or low end of funding compared to last year. Explanations have been provided on why those significant changes have happened.

Each Campus President reported on any changes in the proposed budget from last year. Dr. Gamble answered questions presented by the Board of Trustees regarding student capacity and funding. Mr. Little reported if the enrollment increases beyond what the college has projected, additional revenue would be generated.

Dr. Gamble reported the college needs to improve the advising area and discussed more involvement of the JobLink in career advisement information. He would like to see the college move toward the direction of steering students to the JobLink first and after they decide what they would like to do, come to the academic advisers for the sequence of courses they will need. Dr. Gamble also stated he would like to see more full-time faculty involvement in the advising process in terms of course sequences in order to ensure that students take courses they are prepared to take. This would assist in helping to channel the students' thinking in the appropriate direction.

Dr. Penn Williams asked if there are programs other than the Business and Industry Training Center that are self-sufficient. Mr. Little reported the continuing education programs on each campus are self-sufficient and fees pay for the cost of the programs. Dr. Penn Williams asked if the Board could be provided with a breakout of the continuing education program, as they are like mini businesses. Dr. Gamble reported Dr. Denison will report to the Board in the fall on the status of the Business and Industry Training Center in terms of income versus expenditures, the number of people involved, and the businesses he is working with. Dr. Gamble felt the non-credit, as well as the credit enrollment needs to be included when looking at the college's function. Mr. Little discussed the Center for Aerospace Training and reported there is the potential for this program to be self supporting. Dr. Gamble reported the intent is for the center to be self sustaining either by grants or through industries paying for training.

Mrs. Martinez asked if anything innovative is being done to assist with the advising needs. Dr. Gamble reported this year a program was started to involve full-time faculty

in advising. Training was offered through Staff and Program Development. The Banner program has as a component some online advising capabilities which the college is hopeful will enhance the advising process. Mrs. Martinez stated it sounded like at the top level the college has been doing the right thing and is increasing the fund balance and using innovative measures to assist with the needs of the college. Dr. Gamble discussed other innovative approaches for the college, i.e., the use of e-commerce.

Dr. Gamble indicated as the Board of Trustee members reviewed the budget details between now and June, which is when the budget will be presented for approval, they can direct questions to either Mr. Little or himself and a response will be provided to their questions. Dr. Gamble said he would have a year-to-date comparison provided to the Board. Dr. Penn Williams also asked for a breakdown of the Business and Industry Training Center and asked to have the information at least a week before the June Board meeting.

Dr. Gamble reported basically the college is taking a conservative approach to the budget. There are areas where the college does not want to be at risk, however, there are certain areas where the college needs to move ahead. He will provide more details on the areas the college will be targeting for the new year. Mr. Handley asked if the budget is being tied into the strategic plan. Dr. Gamble reported this is being done with the budget.

Mrs. Silvernail asked about the cost to implement the college's marketing plan. Dr. Gamble reported this would fall under Community Relations and Marketing and what will be brought to the Board at the workshop prior to the June Board meeting. Dr. Gamble reported at the next Cabinet meeting they will be discussing whether or not they would like to bring in a consultant for the marketing efforts.

2. ADJOURNMENT:

There being no further business to come before the Board, the workshop meeting adjourned at 4:55 p.m.

APPROVED: _____
Chairman, District Board of Trustees

ATTESTED: _____
Secretary, District Board of Trustees