

## Business Affairs Commission Meeting Minutes

December 7 and 8, 2015 at Clover Park Technical College in Lakewood, WA

### Day 1: Monday, December 7, 2015

11:39 –12:00 p.m.	Initial Welcome and Introductions – Nate Langstraat
Acting Chair Nate opened the meeting. Larry Clark went over logistics. Introductions included favorite holiday food, memory or gift.	
12:05– 12:35 p.m.	Lunch
BAC adjourned into break for lunch and informal networking.	
12:35 – 12:42 p.m.	WACTC Report – Dr. Terry Leas, BBCC
<p>Nov WAC – 2 items of interest. He was not at the meeting but going off minutes.</p> <p>1<sup>st</sup> issue – BAS degrees – there is a growing acknowledgement that there is a need to offer them but where will money come from to support? Pilot colleges received initial financial support but no money was provided via the old allocation model. The new model has 1.3 weighting, however, this dilutes funding for other college programs (thru allocation). Critical issues committee formed to study the issue – Rich Cummins, chair, others: David Rule, Janet Gullickson, and Terry Leas. The CIC charge - explore need for BAS: how they fit into mission, how offering might fit in the allocation, then bring recommendations to WACTC.</p> <p>2<sup>nd</sup> issue – assessing charges to International students. Operating budget committee received BAC’s recommendation on how to implement a charge if WACTC were to approve assessing charges to international students. WACTC agreed to maintain status quo (no additional charge). The vote was not unanimous. There was some support for additional charge as a cost of doing business but ultimately WACTC agreed to maintain as is.</p>	
12:42– 12:45 p.m.	Welcome to Clover Park Technical College – Dr. Lonnie Howard, President
Dr. Lonnie Howard, welcomed the BAC members and mentioned that CPTC is the first to offer a BAS in Advanced manufacturing	
12:45 – 2:45 p.m.	BAC Academy: Allocation Model
<p>The BAC Allocation Task Force met 3 times, 3 to 5 hours at a time. Committee: Kurt, MaryAlice, Choi, Bill, Nate, Dawn, Davina and Chad</p> <p>The Task Force will bring their recommendations to the Feb BAC meeting. We will vote and then present to the Presidents at their Feb meeting.</p> <p>Sign up sheet was sent around for CPE credit.</p> <p>Nick presented the model. Primary change – projection element within the model. What happens if I change my mix? Holds everyone else constant. Nick encouraged each of us to spend time getting familiar with the model. As you go through the read me tab, be sure to put in all pertinent information. When looking at impacts, focus on percentage changes – not dollar impact. This will show you the impact on your current allocation.</p>	

2 dashboard tabs – how much money in state approp and earmarks/provisos. Next, weights for priority programs (1.3). Performance – currently set at 5%. The Task Force is looking at the consequences of moving to 10%. Value for stop loss/gain – spread over 4 years.

Model walkthrough tab – compares to current allocation.

AB and AC – shows how weighting impacted your allocation. MOA – everyone gets \$2.85M – BAC group looking at to make sure it is appropriate.

Final step – 5% share for performance (using 2015 student achievement points – there will always be a one year gap) (AK, AL, AM). Approx \$35M distributed. Target, AQ – initial target set in process before weighting. AW and AX reflect your new allocation. Then columns for stop/loss.

Projection tab – choose your district. Picks up enrollments, points, and allows you to enter changes to enrollment info (several variables). All other colleges are held constant (but that is not realistic so actual impact could be more or less). This can assist with strategic decision that you make on your campus. Will show impact on money received.

Questions for Nick:

Stop loss/stop gain – does the number change every year? Yes and no. Initial loss/gain is added to FY15-16 allocation but only  $\frac{1}{4}$  in first year. In first year,  $\frac{1}{4}$  of number is added to last year's allocation. In subsequent years, run model and impact of it but the initial loss/gain would be added (or subtracted). So if you have a gain from running the model in 2<sup>nd</sup> year and also received an initial gain your allocation will go up more than just the initial gain (incremental over the four years).

Work Plan/Committee:

SAI points per students and MOA (minimum operating allocation) – these two elements ignore volume and size. SAI 45% distributed using points per student – size does not matter.

Should there be a relationship – recommendation – maintain current view, shouldn't be dependent on another part of the model to have a different value. We can discuss the value but don't link it to volume or size. (Keep MOA at \$2.85M for all)

Outcomes and consequences – increase performance from 5% to 10%? Impact is not correlated by size, rather it appears to be related to over-enrollment status, low SAI performance and level of weighted enrollments. If going to fund more than 5% based on performance, the distribution method within SAI – pts per student bucket - must be reexamined.

Counting of Overenrolled Earmarks – may have districts overenrolled in Worker Retraining, would there be reluctance for colleges to take on additional enrollments because it provides a cushion in the new model. Possible disincentive to accept new enrollment targets.

Potential conflict/competition - tech colleges and transfer degrees. State-wide vs. local priorities. There is no differential in the local cost of doing business (in new model).

Requests for new appropriation – change the way done? Maintain current process: leases, assessments and M&O – group agreed. Colas/other compensation – group tried to identify letting the model allocate vs current method – calculation ended up plus or minus less than 1% so keep the calc in the new model to avoid alternate methodologies. Allow model to distribute compensation adjustments (agreed).

New investments (earmarks) – college keeps funding for 4 years and then it gets included in the model for all. Annual review of earmarks and provisos by SBCTC and WACTC OBC – seems like SBCTC wants to roll it into model. What is best for Colleges? Does College have choice to do the work even if funding goes away? Still being worked through – no final recommendation yet.

<p>Maint &amp; Ops – SBCTC requests money from legislature – discussion – should we let model distribute? Group felt necessary to give college four year window and then it becomes part of the model. Does this make sense? If don't do it this way, slowly accumulating pools of money that don't flow through the model.</p> <p>Still under review – impact of model on excess enrollment. Analytical information. Eliminating extremes – ie changing from 5% to 10%</p> <p>Other items to look at – weighting of ABE in the model: enrollments and SAI; geographic issues in weighting;</p> <p>Will MOA go up due to COLAs? No, we don't get COLAs from Leg so would have to come from somewhere.</p> <p>Can colleges open any program they want or will there be limitations based on the current structure of how there is limited competition.</p>	
2:45 – 3:10 p.m.	Break/Networking/Transit Time
3:10 – 4:30 p.m.	Committee Meetings
Committees on Information Technology, Operating Budget, Security & Safety, Operations and Capital met.	
4:45 – 5:15 p.m.	Executive Committee Meeting
Executive Committee met prior to the BAC dinner.	

**Day 2: Tuesday, December 8, 2015**

8:00 – 8:30 a.m.	Breakfast
8:30 – 8:40 a.m.	Call to Order and Introductions – Nate Langstraat Approval of Minutes and Treasurer's Report – Melinda Merrell
<p>The BAC business meeting was called to order. Honored Mary Alice – last meeting. October 2015 meeting minutes were presented and unanimously approved. The BAC treasurer's report of \$8,418.18 was shared and accepted by the membership. Deb F recommends using money for professional development. Nate suggested using for BAC academies.</p>	
8:40 – 9:00 a.m.	State Board Report – Nick Lutes/Wayne Doty/John Ginther
<p>State Board met at Highline. They are merging their traditional website to new site which will focus on students. Website going live any day now. CtcLink – the focus is still on first link colleges. They will be bringing training rooms on line in Olympia in January for training college staff.</p>	

Legislature – Looking at redefining Adult Ed K- AA. Looking into postsecondary education for inmates. Focus on getting food stamps on campus. Many student initiatives. International contracts - what are next steps?

9:00 – 10:45 a.m.

Committee, Workgroup, and Liaison Reports

### **Operating Budget – Bruce Riveland and Nick Lutes**

Discussion regarding our relationship with 4 years (universities) regarding tuition levels. (orange handout) Next year 15% reduction in applied bac programs for etc's, 4 years will have 15% decrease too. Our tuition may exceed some 4 years after a couple of years. Some people want tuition to go up every year to keep up with inflation. Tension between two policy positions. Nick will share with presidents where we are nationally (he is working on gathering data)- comparison of annual tuition levels.

Blue handout – Non-state FTE, contracted, Presidents used as a basis for saying no to additional charges. Will be used for further discussion at SBCTC.

End-run policy put on hold by WACTC. Committee had some discussion about Supplemental budget. Dec 17, supplemental budget expected to be released. Leg then takes up discussion. Continuations of request for support – increase advising effort at each college. Backfill for compensation I-732. Correct health benefit calculations. Request appropriate backfill for applied bac programs.

Request to plug in supplemental budget info into new allocation model as we go through the process.

### **Information Technology – Deb Frazier (for Suzie Benson)**

Dennis Colgan and Marcus Royster attended the IT committee meeting. Questions have not been fully answered. Nov 16<sup>th</sup> is date to produce lessons learned doc and training schedule. Still need to talk with Tacoma. Still waiting on document. Wave 1 colleges should have received a lessons learned doc but not all have received it. Training – schools wanted a schedule but received a catalog. Still waiting for a true schedule. Wave 1 schools will have access to sandbox in January. Can go through the process but not finalize the transaction. Revised data mapping – we need to know what that means in case there is further clean up for colleges to do. Goal is to have all communication go through project managers. They should be getting the communications. Stabilization goal was 90 days. New stabilization metric equates to no critical or urgent trouble tickets reported for at least 15 consecutive days.

The question was posed to add 7<sup>th</sup> criteria to project. GL should be fully tested and functional at day one (go live) to accept validated/accurate transactions. Not only accept transactions but they should be accurate. Motion above presented and approved by group.

### **Safety & Security – Kevin McKay**

Changes in membership, Chris M (pierce) new SSEM chair. Laura McDowell from SBCTC has joined the group (Director of Communications). SSEM council will be making some bylaw changes. Currently require super majority for approvals, now would like to go to simple majority. Also, want to set up succession plan for executive positions. SSEM needs to know who the rep is for each campus so they can have a valid roster. BAC members need to encourage participation by their staff to attend the SSEM meetings. BAC request have calendar for all councils.

SSEM has concerns with Campus Clarity. Seems like it is a turnkey solution for policy and training but actually doesn't cover everything. It is a tool but need to ensure it is doing what

your campus expects. Email came through ITC – single sign-on issue. Also extra money required to customize could exceed \$12K. Recommend talking to your college ITC rep for more info.

Training schedule for officers. SSEM has it down to 80 hours (first level). They will provide BAC with grid of what that looks like. It is a guide of training that can be used/followed by the colleges. It is not mandatory. Best practice standard (80 hours) – certificate could be made available.

John Boesenberg asked whether colleges have all the policies and procedures in place in the event of an active shooter, etc. Question has come up. BAC academy – request to move academy from April to May (switch with Operations) was agreed upon. Original request was for more COOP training. We received COOP training last year. A lot of information was handed out then. Instead, the Safety and Security committee would like to use the FEMA “Guide for Developing High-Quality Emergency Operations Plan for Institutions of Higher Education” as a basis for the next training. Proposing May training to use this guide as basis for academy. This was agreed to by BAC membership. Should PIOs be asked to attend? May is at Bellingham. Chad to follow up if there is capacity for additional attendees. Suggested to attend the 3 day FEMA training for higher ed. There is one next week at Skagit Valley.

### **Operations – Jennifer Howard/John Ginther**

Jennifer Strother gave an update from BAR. The State Treasurer’s office discussed the state contract governing how colleges can process online credit card payments. Colleges must use Bank of America merchant accounts for online credit card payments or are allowed to use the processor used by the College’s commercial bank. Nelnet Business Solutions, used by colleges for payment plans, is changing their format from processing credit card payments using a Nelnet merchant account for credit card payments to having colleges set-up their own merchant accounts to process credit card payments for student payment plans. This was prompted by a Visa rule that dictates colleges be the merchant of record when they charge a fee for using a credit card which some colleges are currently doing. The terminology for charges to use a credit card have changed from “convenience fee” to “service fee”. Shoreline piloted setting up their own merchant account and began processing Nelnet payment plan payments this fall. The State Treasurer’s office is setting-up merchant accounts for other colleges.

All colleges must now have Chip enabled POS terminals. Liability is with charge back on those transactions. Low dollar transactions are less of a liability – ie, small dollar parking fees. There is no POS system as part of ctLink rollout. Payments are being handled manually. Hopefully ctlink will add this feature to system. They will be reviewing risk assessments and come up with a new document.

Relief efforts: 3 areas to focus on – system wide work opportunities. Diversify revenue streams. Work on barriers – operational and hiring rules. Will present a draft to subcommittee in Feb and then in April will present at BAC academy. Also spoke about Higher One (see handout). Will Higher One come up with a solution? Higher One Webinar tomorrow and others to be held this month. Leg is targeting those who charge students fees. US bank is out, Chase, City, this is affecting every institution who distributes financial aid to students. Who is going to fill the void? Blackboard is an option but timeline is a concern. July 1 deadline. Do we have to be tied to a vendor? Should the system try to develop an option? Concern brought up about “unbankable students.” We would need to define (get a handle on) what an unbankable student is. There are other vendor options but all will pass costs onto students in some fashion. We know changes are coming. Students will get paper in mail to choose the option they want – card, check, etc., swipe fee goes away, more atms at student disposal – not just higher one atm.

John G – payroll check printing on campus. Approx 30 colleges are now online. Megamations – need to move over by 12/31. Many colleges still need to convert their data. At 12/31, SBCTC will run report with all info to be moved (backed up). FAE will still be running after 12/31 but won't be reliable if something goes wrong. They are working on rewriting FAE manual to reflect Megamations. People Soft Asset Management system (ctcLink) likely will not be ready until final Wave of project so we will be on Megamations until then.

Fin Statements – handout – foundations need to be audited based on GAAP to be included in College financials. (see handout from John G) We need to resume inviting State Auditor and AAG to our meetings. Can we go to preparation every year of F/S but be audited every two years (the audit would cover both years)? Need to take to Presidents. John will check with SAO. We could make it optional to be audited every two years. Foundation – included as component unit (significant to college) then have to be audited based on GAAP. But can designate as “non-significant” and thus not a component unit. Auditing based on GAGAS not GAAS which is generating insignificant internal control issues.

**Capital – Steve Ward/Wayne Doty**

5 items.

1 - Wayne Doty chart – get your money spent. Reapprop issue.

2 – Getting ready to start scoring for the new capital proposals. Melinda and Steve will be on review committee.

3 – Vote by capital committee to advance to WACTC capital – handout – Can share reapprop authority for those 16 colleges in play. 4 schools have the greatest need. Chart shows suggested reapprop amounts for each school. This would help them cover their costs. Clark, Clover Park, Spokane Falls, Tacoma. Motion/discussion – came from WACTC directly to BAC capital. Q – charges from WACTC should go to BAC chair not directly to committee. Chairs need to bring forward to BAC chair. No motion needed today and Capital committee can move forward.

4 – hand out capital budget request for supplemental budget – State Board deliberately took a more negative tone in the fast facts section for emphasis.

5 – Academy Feb 8<sup>th</sup> on Alternative Financing (handout). Reviews all options colleges have for financing. Ways you might finance capital. 2 hour workshop. Invite college/foundation staff.

10:45 – 10:50 a.m.	Break
10:50 – 11:15 a.m.	BAC Executive Session
BAC convened into executive session.	
11:15 a.m.	Meeting Adjournment
BAC meeting adjourned.	