

**VALENCIA COMMUNITY COLLEGE
DISTRICT BOARD OF TRUSTEES**

Minutes

Regular Meeting – March 22, 2011

Downtown Center Conference Room A/B

Present

Mr. Raymer F. Maguire III, Chair
Ms. Bertica Cabrera-Morris, Vice Chair
Mr. Lewis M. Oliver III
Ms. Jerry D. Buchanan
Ms. Jo Quittschreiber
Ms. Lori Kifer-Johnson

Dr. Sanford C. Shugart, Secretary to the Board and President of the College

Absent

Ms. Maria Grulich-Toumazos

Budget Workshop

Mr. Keith Houck, Vice President, Administrative Services, provided an overview of Valencia's latest financials for FY 2010-2011. He reported that the College is financially sound.

Mr. Houck reported that on the revenue side, the College expects to receive approximately \$2.4 million less in tuition and fees than originally budgeted. However, this will be partially offset by some unbudgeted revenues. Overall, the College will be approximately \$1.9 million below its budgeted revenue; however, expenses are also projected to be well below budget.

This year the College budgeted approximately \$3.8 million for a contingency fund in the event state revenue was not coming in as projected. The College also has approximately \$900,000 of budgeted excess. Between the two, the College will have a combined contingency of \$4.7 million. This contingency approaches the \$5.3 million in Federal Stimulus funds, which will not be available next year. These recurring funds can be considered for budgeting against recurring expenses in the upcoming year.

Mr. Oliver inquired whether the 10% increases in Retirement and Health Insurance expenses shown in the College's Expenditure Assumptions for 2011-12 are state mandated/required. Dr. Shugart responded that the

assumptions are a best guess/estimated increase based on the market and annual trends. The College should know what the legislated retirement contributions will be prior to submitting the budget and at that time will also have a better estimate of the possible health insurance increases for 2012.

Dr. Shugart advised the Board to expect a report within the next 2-3 months of potential changes to the Valencia Enterprises business model as well as its eventual relocation from the leased Sand Lake Center to the new Building 12 on West Campus, once it is completed. Changes to the current model could save \$350,000 this year alone by, among other things, phasing out non-productive programs as well as procuring more advantageous lease terms for the remainder of the lease period.

Mr. Maguire inquired if the relationship between the Foundation and the College would be affected if Valencia Enterprises didn't exist. In response, Dr. Shugart provided an explanation of Valencia Enterprises' role in the community.

Mr. Oliver requested an evaluation of how Valencia Enterprises programs have performed. He expressed his concerns over non-productive Valencia Enterprises programs and concurred that it would be appropriate to terminate non-productive programs and concentrate on the productive programs.

Mr. Houck provided an overview of the state's 2011-12 budget proposals.

In looking to next year, he discussed two budget scenarios: the first is built on the Governor's budget, which includes no tuition increase and an 11% decrease in state funding, including the removal of the Federal Stimulus funds. This represents a reduction in funding of approximately \$7.3 million. The College has the ability to increase tuition by 3% since it did not raise it to the cap for this fiscal year, plus a cost-of-living adjustment of 1.5% for a total of 4.5%, %, if the legislature does not authorize a tuition increase for next year.

The second, and current expectation scenario, assumes an 8% tuition increase (5% new plus the 3% of available tuition increase authority) with the same 11% decrease in state funding, including the removal of the Federal Stimulus funds. The tuition increase will provide an additional \$2.5 million in revenue.

In both scenarios, the College is currently projecting a conservative

4.5% increase in enrollment for next year. As a result, the College will need to expand faculty and staff to meet these projected enrollment increases.

Dr. Shugart stated that the workload on full-time staff has significantly increased with the increased enrollment numbers. In response, the FY 2012 budget may include a one-step increase for faculty and the equivalent (1.92%) increase for full-time and part-time staff. In addition, the FY 2012 budget will seek to staff up to meet increasing demand and to provide a small pay increase to provide a step increase for faculty and a similar increase for staff. Every year the challenge is to hire faculty and staff without an approved budget to support the new workload ratios. This year's proposed budget doesn't improve the ratios but prevents further degradation of those ratios.

Mr. Houck stated that through good stewardship, the College estimates that it will spend approximately 97% of its budgeted expenses, leaving a balance of approximately \$4.9 million (3%) unspent at the end of the year. The College will be able to put a budget together in light of what is likely to happen in the legislative session. The budget for FY 2011-2012 will be brought to the Board for its consideration and approval in June 2011.

Mr. Oliver pointed out that the Governor's budget proposes severe cuts to the Bright Futures scholarship program. And, if these severe cuts are realized, students will seek community colleges for their educations. The legislature must find a way to fund community colleges with vast increases in enrollment and access needs.

Financial Model and General Scope for Building 12 – West Campus Funding

Mr. Houck presented the Financial Model for funding the construction of the next building on the West Campus using the design/build method to construct the building. This new building will house the Center for Global Languages, Valencia Enterprises, the Office for Information Technology, and classrooms. Moving Valencia Enterprises from leased facilities will save the college approximately \$600,000 per year in operating expenses.

Dr. Shugart proposed that an RFQ for related design/build contracting services be issued immediately in order to bring the selected firms to the Board for its consideration and approval at its July 2011 meeting.

Mr. Oliver proposed offering the selected Contractor a bonus for completion by a date certain or be penalized for not meeting the date certain.

Mr. Oliver posed the question whether it was necessary to build different types of buildings on Valencia's campuses as opposed to having a core/standard design. Dr. Shugart responded that research shows that a "one mold fits all" is not practical - especially for technical programs - but can be suited for general instructional purposes.

Mr. Maguire inquired as to the equitable distribution of contracts awarded by the College in its building program, especially with regard to local firms. Mr. Houck summarized for the Board the College's review and selection procedures for Architectural, Engineering, and Construction Services. During its discussion, the Board recognized the College for its success over the years in providing opportunities to firms with significant local presence, and indicated its support of selection procedures that include consideration of the duration and quality of the local presence of prospective firms.

Mr. Houck advised the Board that state PECO appropriations are due the College but are on hold in this year's proposed legislative budgets for three projects: Building 4 - Osceola, East Campus chiller, and state matching dollars on the \$5 million dollar gift from Osceola County. And, \$7.5 million is due the College from UCF for the joint use facility on Osceola Campus to be paid within 3 years. Since PECO is becoming less of a reliable source of funding for building projects, the College expects to depend more on local resources on a going forward basis.

Update on Legislative Session

Dr. William J. Mullowney, Vice President for Policy and General Counsel gave a brief overview of key legislation pending with the legislature, in particular companion bills SB 1518, sponsored by Senator Altman, and HB 523, sponsored by Representative Diaz, to provide authority to local Florida College district boards of trustees to temporarily enhance capital improvement fees for a period of up to 5 years to help address facilities crises and improve student access. Passage of this bill could result in additional capital revenues for Valencia and other high need colleges.

Dr. Mullowney reported on the progress of the companion House and Senate bills which would codify *Valencia College* in Florida law as the new name of the College.

Name Change and New Brand Roll-out

Ms. Lucy Boudet, Assistant Vice President, Marketing and Media Relations updated the Board on the College name change and brand roll-out, and shared an online presentation with the Board.

Adjournment

Mr. Maguire moved for adjournment, the motion was seconded by Ms.

Cabrera-Morris, and the motion was approved. The meeting adjourned at 11:00 a.m.

Secretary

Chairman