



**Budget Work Session
Agenda Summary
District Governing Board Budget Preview
Tuesday, January 21, 2020
8:30 AM**

Rock House, Prescott Campus
1100 E. Sheldon Street
Prescott , AZ 86301

Pursuant to Arizona Revised Statutes (A.R.S.) §38-431.02, notice is hereby given to the members of the Yavapai College District Governing Board and to the general public that the Board will hold a public meeting, open to the public as specified below. The Board reserves the right to change the order of items on the agenda. One or more members of the Board may participate in the meeting by telephonic communication.

Pursuant to A.R.S. §38-431.03.A.2, A.3 and A.4, the Board may vote to go into Executive Session, which will not be open to the public, for legal advice concerning any item on the agenda to review, discuss and consider records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law; or to consult with and instruct its attorneys regarding its position on contracts, litigation or settlement discussions. If indicated in the agenda, the Board may also vote to go into executive session, which will not be open to the public, to discuss specific agenda items.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Executive Assistant at (928)776-2307. Requests should be made as early as possible to allow time to arrange the accommodation.

Please note that agenda item times are for planning purposes only and do not necessarily reflect the actual time of the agenda item. When regular board meetings, public hearings (both truth in taxation and budget adoption public hearings) and budget adoption special meetings are scheduled for the same date, each hearing or meeting will begin immediately upon adjournment of the preceding hearing or meeting. Members of the public wishing to attend those subsequent hearings or meetings are advised to arrive at the time that the first hearing or meeting is scheduled to begin.

Item No.	Item	Time Req.	Start Time	Ref No.
1	CALL TO ORDER - HEADING	0	8:30 AM	860271
2	Call to Order - PROCEDURAL	1	8:30 AM	860272
3	Welcome to Guests and Staff - PROCEDURAL	1	8:31 AM	860273
4	Adoption of Agenda - DECISION	1	8:32 AM	860274
5	POLICY HEADING	0	8:33 AM	874657
6	Review policy 3.4.5 Election/Appointments - INFORMATION, DISCUSSION, AND/OR DECISION.	5	8:33 AM	874658
7	OWNERSHIP LINKAGE - HEADING	0	8:38 AM	860275
8	Election of Board Officers - Chair, Secretary, and Board Member Liaison Committee Appointments for 2020 - DISCUSSION AND/OR DECISION.	15	8:38 AM	874248
9	POLICY - HEADING	0	8:53 AM	860278
10	Overview of Yavapai College Historical Revenues and Expenditures - INFORMATION AND/OR DISCUSSION	150	8:53 AM	860282

Item No.	Item	Time Req.	Start Time	Ref No.
11	ADJOURNMENT OF REGULAR MEETING - PROCEDURAL	1	11:23 AM	860283

Presenter : Ray Sigafoos

Start Time : 8:30 AM

Item No : 1

Proposed By : Ray Sigafoos

Time Req : 0

Proposed : 10/7/2019

Item Type : Heading

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : CALL TO ORDER - HEADING

Details :

Attachments :

No Attachments

Presenter : Ray Sigafoos

Start Time : 8:30 AM

Item No : 2

Proposed By : Ray Sigafoos

Time Req : 1

Proposed : 10/7/2019

Item Type : Procedure Item

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : Call to Order - PROCEDURAL

Details :

Attachments :

No Attachments

Presenter : Ray Sigafoos

Start Time : 8:31 AM

Item No : 3

Proposed By : Ray Sigafoos

Time Req : 1

Proposed : 10/7/2019

Item Type : Procedure Item

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : Welcome to Guests and Staff - PROCEDURAL

Details : Chair Sigafoos will welcome all guests and staff.

Attachments :

No Attachments

Presenter : Ray Sigafoos

Start Time : 8:32 AM

Item No : 4

Proposed By : Ray Sigafoos

Time Req : 1

Proposed : 10/7/2019

Item Type : Decision Item

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : Adoption of Agenda - DECISION

Details :

Attachments :

No Attachments

Presenter : Ray Sigafoos

Start Time : 8:33 AM

Item No : 5

Proposed By : Ray Sigafoos

Time Req : 0

Proposed : 1/14/2020

Item Type : Decision Item

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : POLICY HEADING

Details :

Attachments :

No Attachments

Presenter : Ray Sigafoos

Start Time : 8:33 AM

Item No : 6

Proposed By : Ray Sigafoos

Time Req : 5

Proposed : 1/14/2020

Item Type : Decision Item

Policy No.	Description	Ref No
3.4.5	As required by A.R.S. 15-1443(B), the Board will elect a Chair and a Secretary every January. The expectation will be that the newly-elected Chair and Secretary will serve a two-year term, but the Board may decide otherwise and elect a new Chair and Secretary every January. The Chair and Secretary shall serve from the date of election until the date on which their replacements are elected. The newly-elected Board Chair will appoint Board Liaisons for one-year terms at the January or February meeting.	413188

Description : Review policy 3.4.5 Election/Appointments - INFORMATION, DISCUSSION, AND/OR DECISION.

Details : The Board will vote to replace the newly proposed policy, that is attached.

Attachments :

Title	Created	Filename
Change to 3.4.5 Elections/Appointments Policy	Jan 14, 2020	Yavapai College Policies 3.4.5 Elections-Appointments.pdf

3.4.5 Elections/Appointments

As required by A.R.S. 15-1443(B), the Board will elect a Chair and a Secretary every January. The expectation will be that the newly-elected Chair and Secretary will serve a two-year term, but the Board may decide otherwise and elect a new Chair and Secretary every January. The Chair and Secretary shall serve from the date of election until the date on which their replacements are elected. The newly-elected Board Chair will appoint Board Liaisons for one-year terms at the January or February meeting.

Proposed Addition to the Policy

- Board Chair shall call for nominations
- After the Board Chair determines that no other nominations are forthcoming, the Board Chair shall declare nominations to be closed
- Board Chair shall call on nominees in alphabetical order based on their last names to speak for no more than 2 minutes each regarding their nomination
- After all nominees have been offered an opportunity to speak, the Board Chair shall call for the vote of each nominee individually in alphabetical order based on their last names until a nominee receives at least a majority vote of the Board
- After a nominee receives at least a majority vote of the Board, the process is complete even if there are remaining nominees who have not been voted on
- If no nominee receives at least a majority vote of the Board, the Board Chair shall begin the process again

Presenter : Ray Sigafoos
Proposed By : Ray Sigafoos
Proposed : 10/7/2019

Start Time : 8:53 AM
Time Req : 0
Item Type : Heading

Item No : 9

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : POLICY - HEADING

Details :

Attachments :

No Attachments

Presenter : Ray Sigafoos
Proposed By : Ray Sigafoos
Proposed : 10/7/2019

Start Time : 8:53 AM
Time Req : 150
Item Type : Discussion

Item No : 10

Policy No.	Description	Ref No
2.5	With respect to the actual, ongoing financial conditions and activities, the President shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board-stated Ends priorities. Further, without limiting the scope of the above statement by the following list, the President shall not:	764182

Description : Overview of Yavapai College Historical Revenues and Expenditures - INFORMATION AND/OR DISCUSSION

Details : Dr. Clint Ewell, Vice President for Finance and Administrative Services, will present an overview of Yavapai College historical revenues and expenditures.

Attachments :

Title	Created	Filename
FY20 Budget Work Session PPT	Jan 13, 2020	FY21Budgetworkshop0120-previewr2.pdf
FY20 Strategic Actions	Jan 13, 2020	FY20 Strategic Actions (002).pdf
Expenditure Limitations Brief	Jan 13, 2020	Expenditure Limitation Brief 1220 (002).pdf

FY20 BUDGET WORK SESSION

Prepared for
YC District Governing Board
January, 2020

AGENDA

Context

Yavapai College

Expenditure Limit

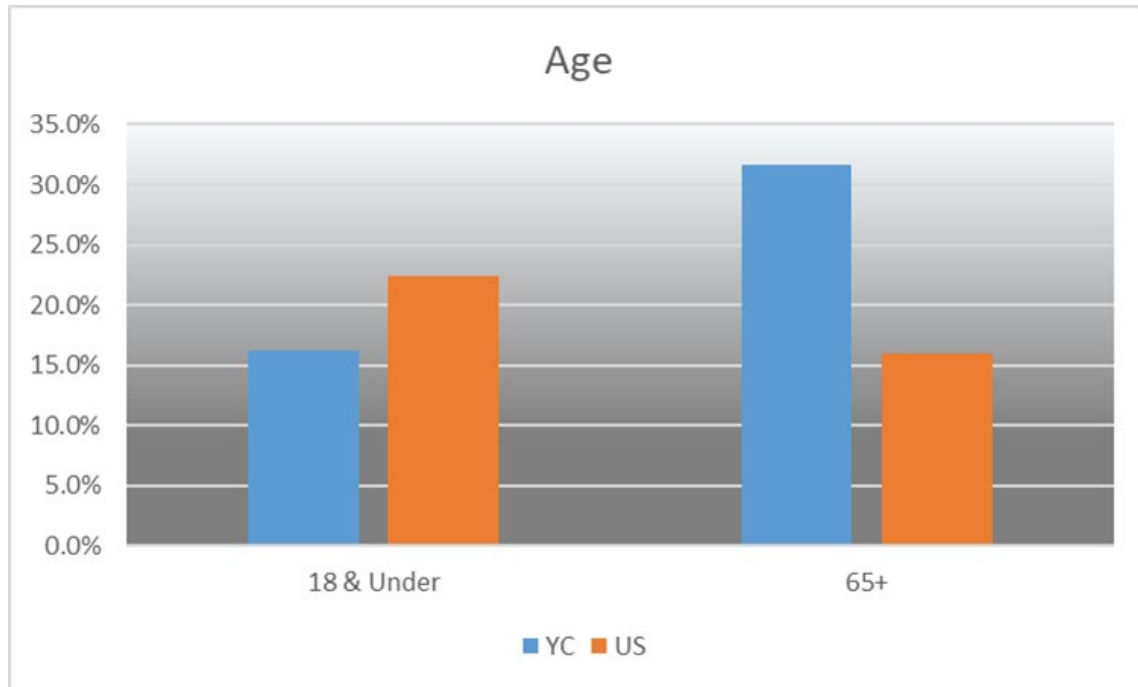
Revenues

Expenses

CONTEXT

DEMOGRAPHICS

AGE



❖ Yavapai County population is older than National

❖ Median age is 52

❖ Hispanic median age is 28

❖ The pool of traditional-age (18-24) college students is shrinking

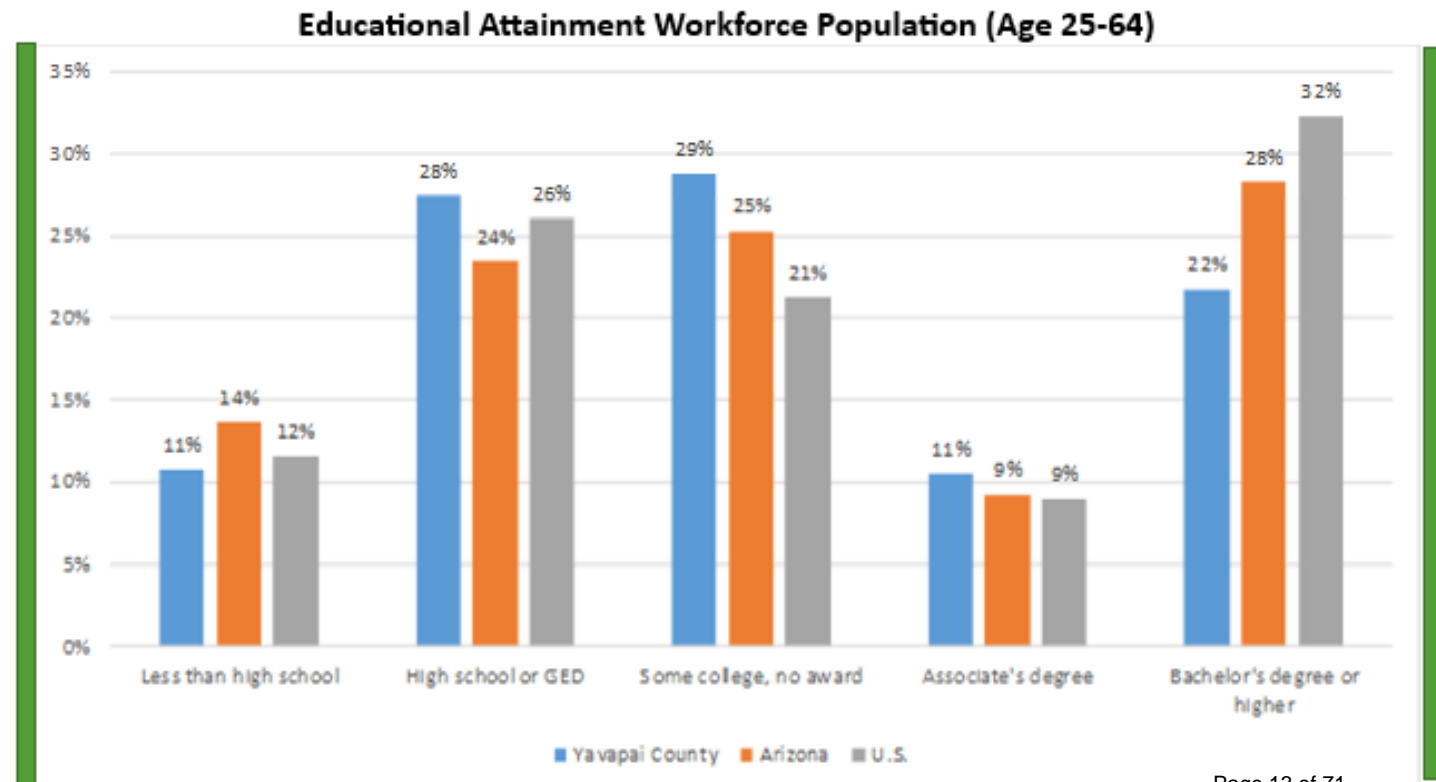
Source: US Census Quickfacts
EASI Analytics

DEMOGRAPHICS

EDUCATION

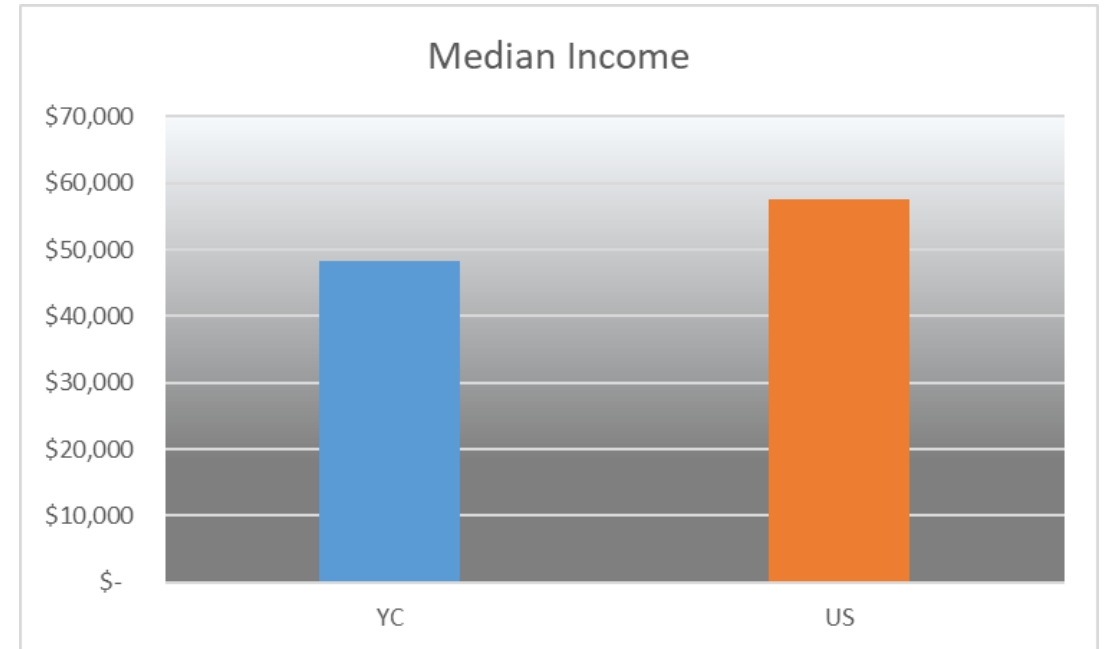
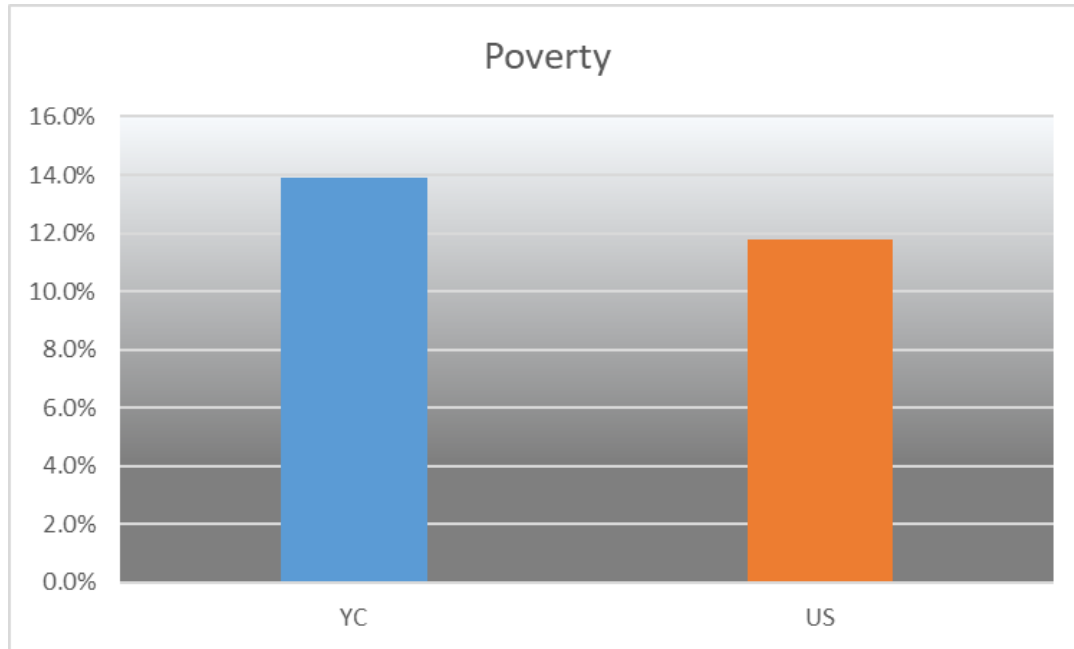
❖ Educational Attainment

- >75,000 working-aged county residents need a certificate or degree



DEMOGRAPHICS

WEALTH



Yavapai County Residents Living in Near Poverty

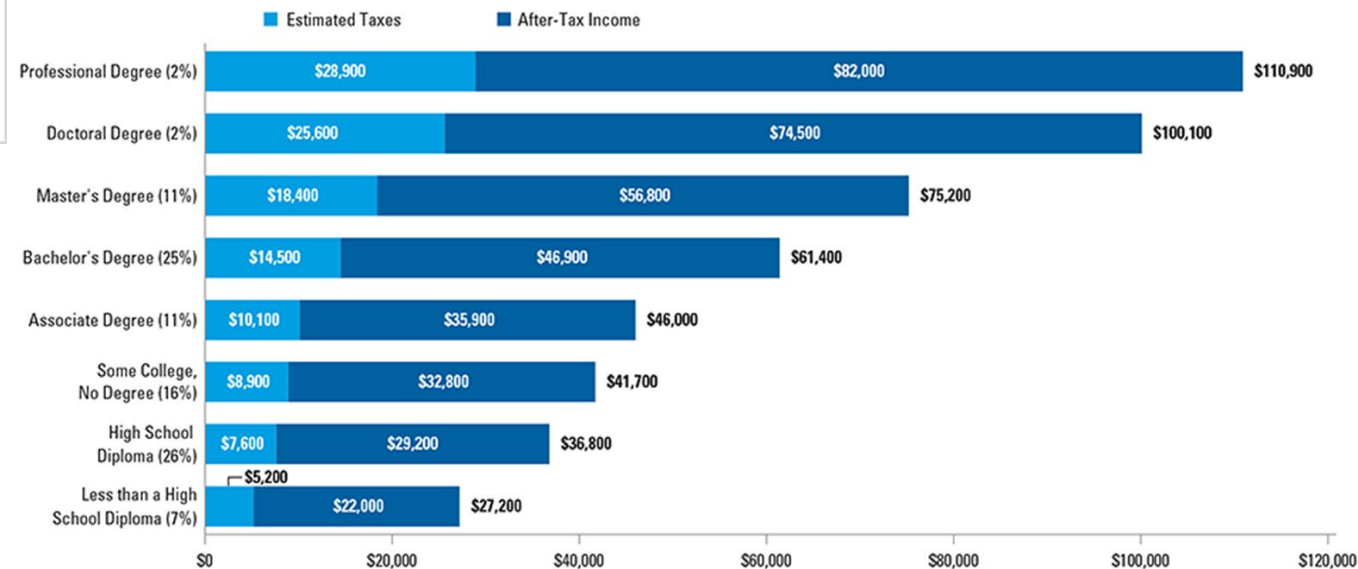
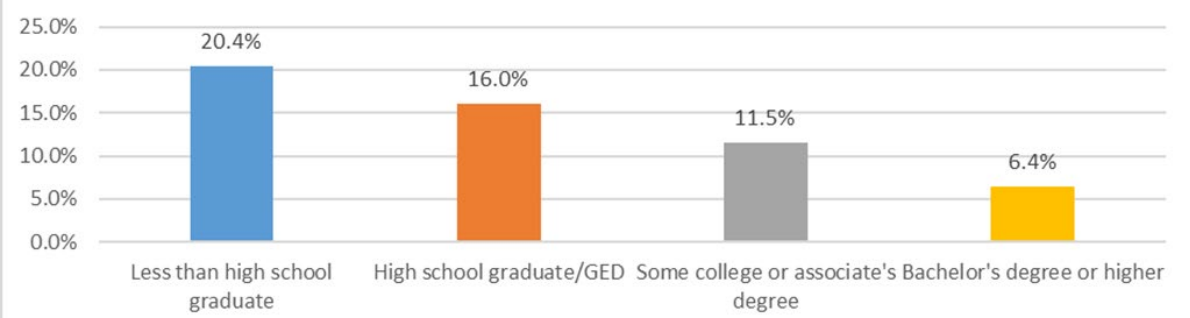


County 16% Below National

DEMOGRAPHICS

EDUCATION & WEALTH

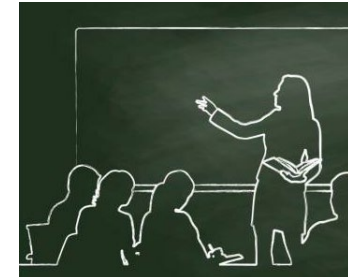
Yavapai County Poverty Rate by Educational Attainment



Poverty by Education Source: IPUMS USA, 2013-2017 American Community Survey 5-Year Estimates Micro Dataset
 Education, Earnings, Tax Source: The College Board, Education Pays 2016

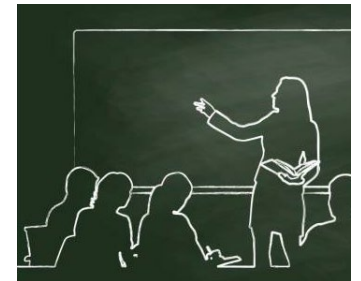
High Demand National Jobs Pays \$40k+, Requires College

- **Business:** Accountant, Business Spec., Fin. Mgr., Financial Services Sales, GM, HR Spec., Mgmt. Analyst, Manager, Market Analyst
- **Health:** MD, RN, LPN
- **Public Service:** Lawyer, Teacher
- **Tech:** Software Developer, Systems Analyst, User Spec.
- **Trades:** Construction Supervisor, Truck Driver



High Demand Arizona Jobs Pays \$40k+, Requires College

- **Business:** Accountant, [Admin. Mgr.](#), Business Spec., Financial Mgr., Financial Services Sales, GM, HR Spec., Mgmt. Analyst, Mgr., Market Analyst, [Sales Mgr.](#), [Training & Dev.](#)
- **Health:** RN, LPN, [Manager](#)
- **Public Service:** Lawyer, Teacher
- **Tech:** Software Developer, Systems Analyst, User Specialist
- **Trades:** Construction Supervisor, [HVAC](#), Truck Driver



High Demand County Jobs Pays \$40k+, Requires College

- **Business:** Accountant, GM, Manager
- **Health:** MD, RN, LPN, Lab Tech, Manager
- **Public Service:** Ed. Administrator, Ed. Counselor, Teacher
- **Tech:** User Specialist
- **Trades:** Auto. Tech., Construction Supervisor, HVAC



YAVAPAI COLLEGE

WHO IS YAVAPAI COLLEGE?

Mission:

... to provide quality higher learning and cultural resources ...

Vision:

We will make Yavapai County a premier place to learn, to work, and to live

Board Ends:

YC exists so communities within Yavapai County are equipped with the vision and skills to create a sustainable economic environment at a justifiable cost

1. Education Ends

- Affordable, Job Seekers, Transfer, Lifelong Learners

2. Economic Ends

- Help communities generate/ sustain jobs

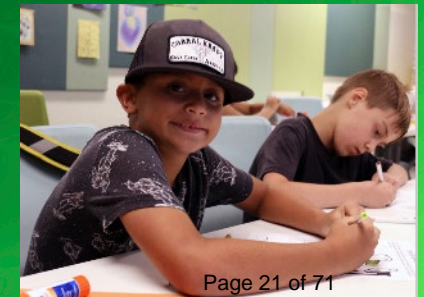
3. Community Ends

- Provide access to social and cultural activities

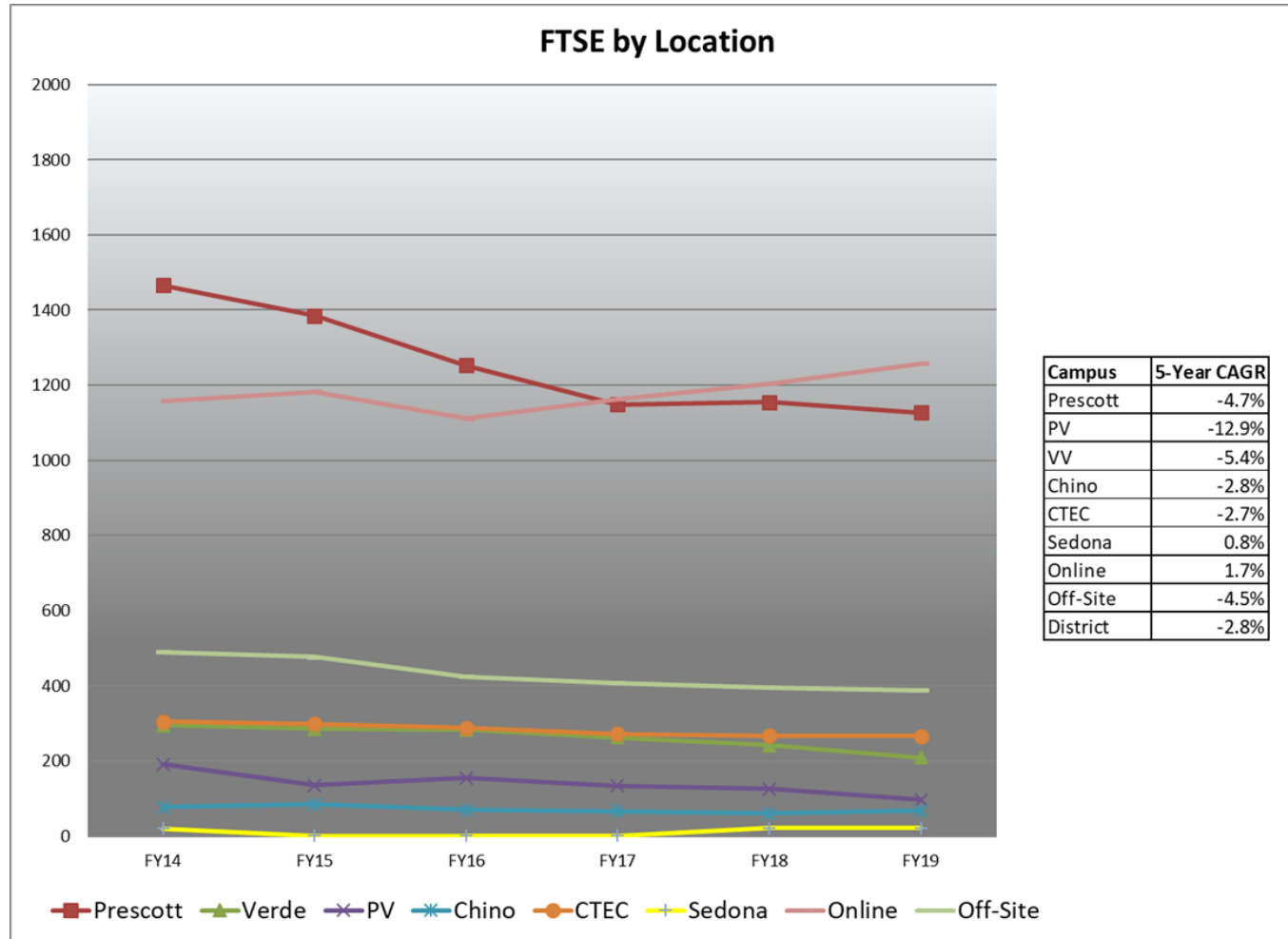
YC is a Comprehensive Community College

Educational Programs

- Transfer
- Career Preparation
- Dual Credit
- Developmental Education
- Continuing Education
- Adult Basic Ed & ESL



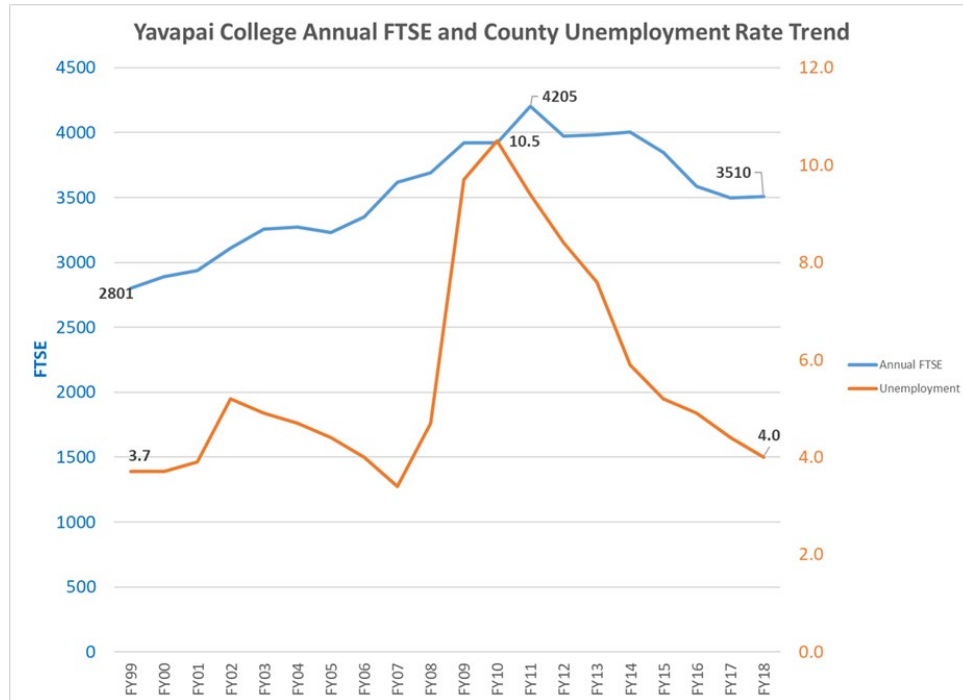
FTSE TREND BY SITE



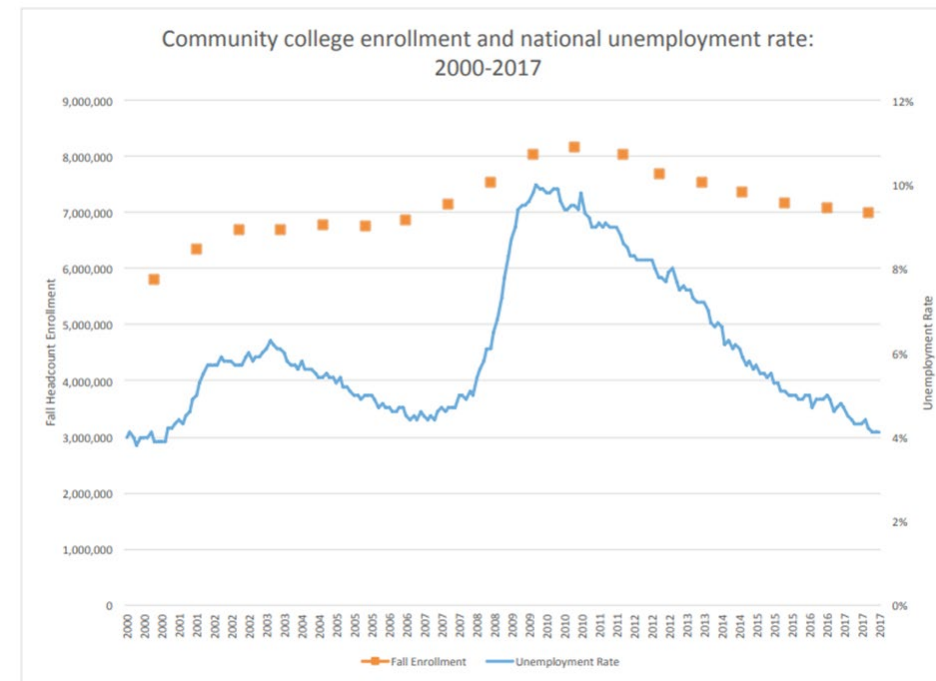
ENROLLMENT DRIVERS

UNEMPLOYMENT

Yavapai College



National



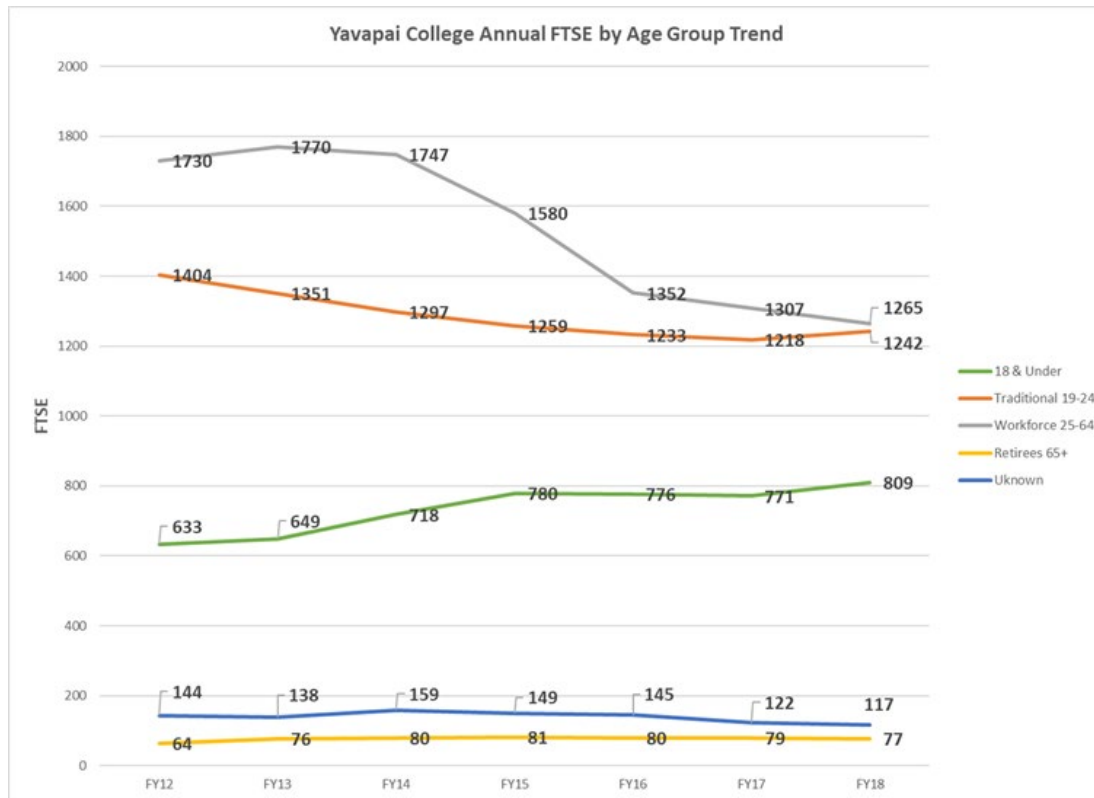
Unemployment Rate Source: U.S. Bureau of Labor Statistics

CC Enrollment and National Unemployment Source: American Association of Community Colleges, 2019

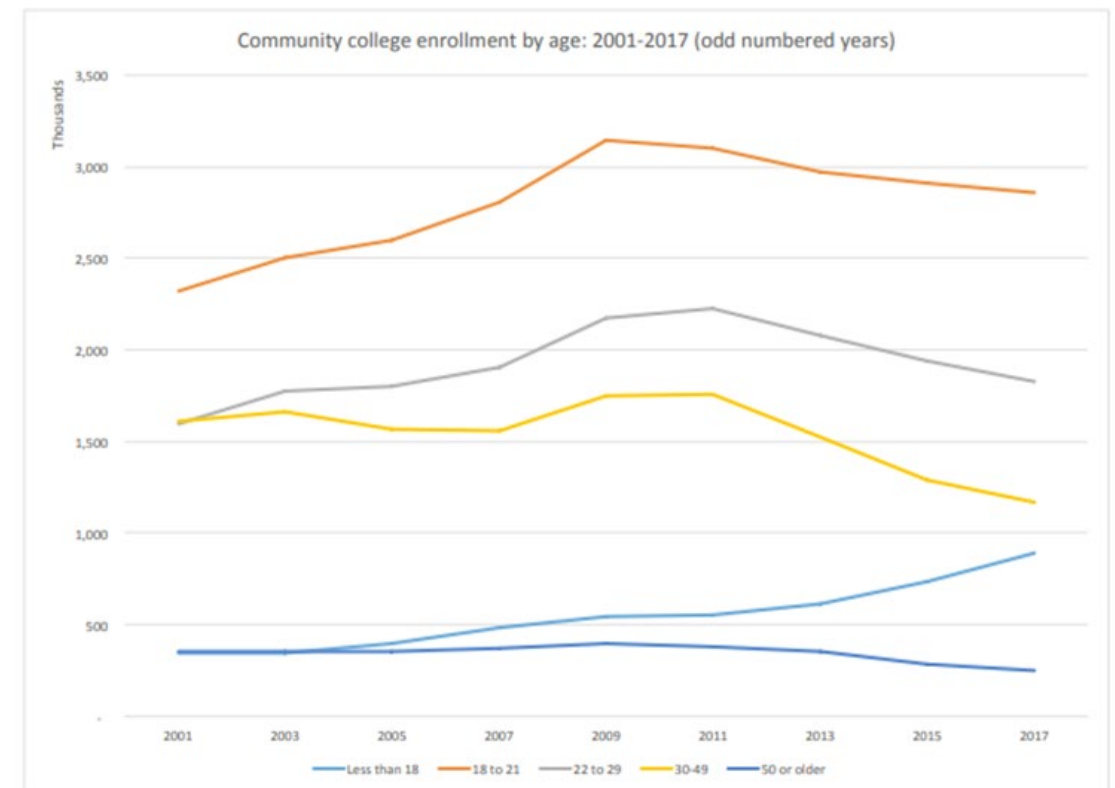
ENROLLMENT AGE TRENDS

HIGH SCHOOL GROWING, WORKFORCE & TRADITIONAL SHRINKING

Yavapai College



National



BUDGET

Expenditure Limit

EXPENDITURE LIMITATION BACKGROUND

- On June 6, 1980 AZ voters approved Constitutional Amendment to Article IX, Section 21
- EL doesn't limit taxes
 - It limits spending on essential educational operations
- Affects all local agencies
 - Community colleges
 - Cities
 - Counties
 - K-12
- EL is driven by enrollment, which is driven by uncontrollable outside factors
 - When the economy improves, enrollment decline and vice-versa
- Consequences vague, but risk is significant
 - Financial penalty could be 1/3 of YC's state appropriation or more

EL CALCULATION FORMULA

$$\begin{array}{r} \text{FY 1979/80} \\ \text{Base Limit} \end{array} \times \frac{\begin{array}{r} \text{2017/18 FTSE} \\ \hline \text{1979/80 FTSE} \end{array}}{\begin{array}{r} \text{GDP Implicit Price} \\ \text{Deflator 2017} \\ \hline \text{GDP Implicit Price} \\ \text{Deflator 1978} \end{array}} \times \begin{array}{r} \text{GDP Implicit Price} \\ \text{Deflator 2017} \\ \hline \text{GDP Implicit Price} \\ \text{Deflator 1978} \end{array} = \begin{array}{r} \text{Final 2018/19} \\ \text{Expenditure} \\ \text{Limit} \end{array}$$

SB1322 CHANGES EL FORMULA EFFECTIVE FY18

Enrollment based on audited actual enrollments, not estimates

Additional exclusions for non-tax-funded activities

Permanent override possible with voter approval

EL Enrollment based on:

- Last 5-year average FTSE
- Prior year actual
- Prior year actual +5% if Fall-over-Fall growth
- Last 10-year average (from FY18 to FY20)

30% Career and Technical Education (CTE) FTSE weight



EL CALCULATION EXCLUSIONS

○ Revenues

- Interest
- Federal/ State/ Private Grants & Donations
 - Prop 301

○ Capital accumulation funds

○ Tuition & Fees

○ Research & Entrepreneurial Activities

- Rentals, Community Events

○ Auxiliary Fees

- Bookstore, Food, Residence Halls

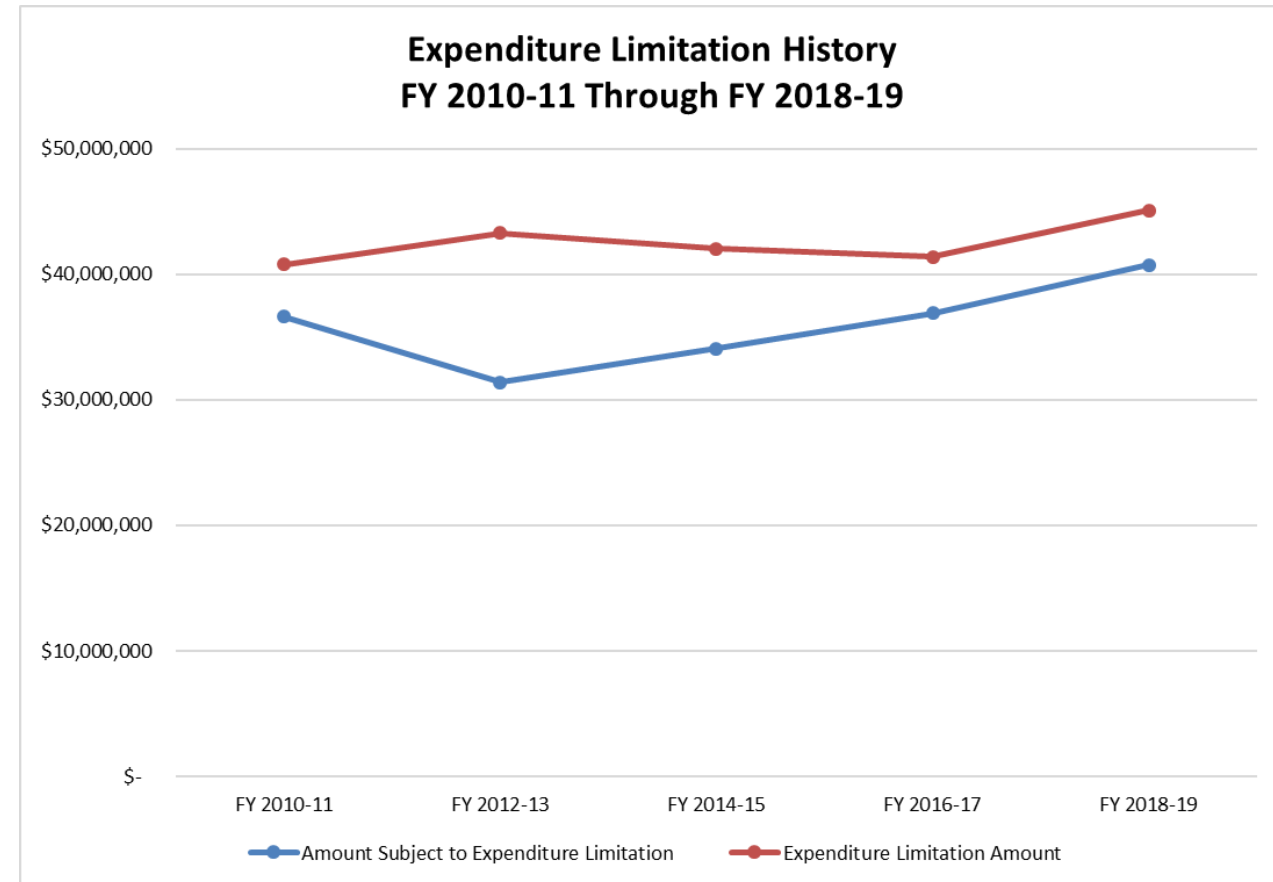
○ Expenses

- Capital debt payments
 - Bonds
 - Capital leases
- Intergovernmental contracts

EXPENDITURE LIMIT CARRYFORWARD

“constitutionally excludable revenues unexpended in the year recorded that are accumulated and eligible for exclusion when expended in subsequent fiscal years”

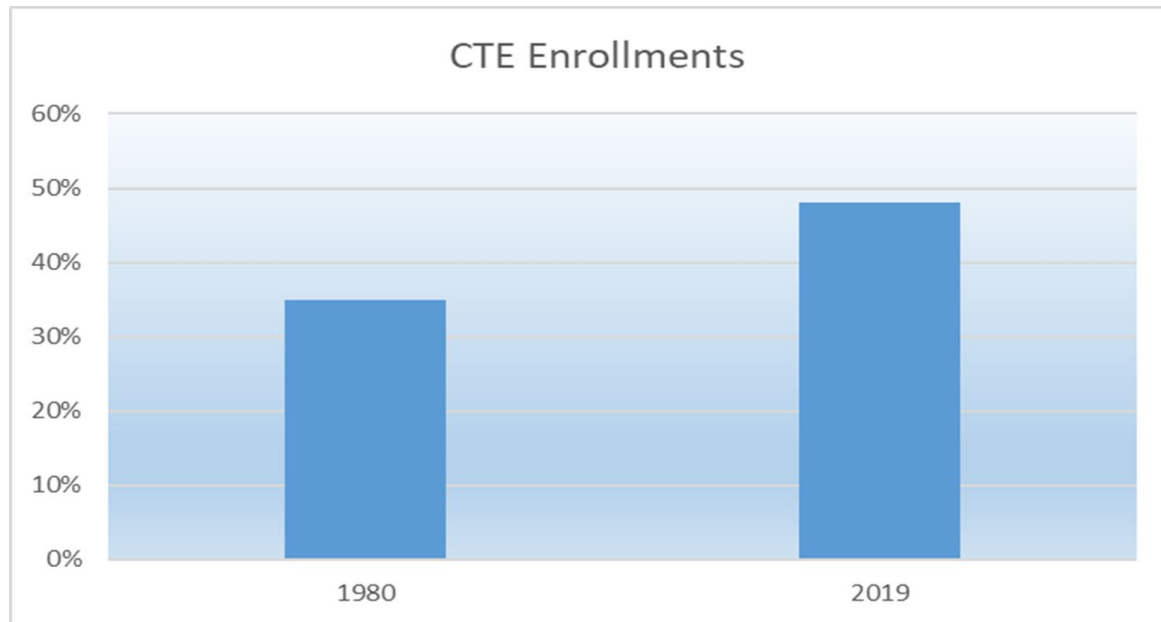
- ❑ If we spend less than EL, the balance can be carried forward for future use
 - ❑ Cannot exceed what is in bank account
 - ❑ YC’s current Carry Forward is \$13.6M



FUTURE EXPENDITURE LIMIT ISSUES

- Potential New Exclusions
 - Capital Equipment
 - Retirement
 - Additional STEM Weighting
- State Aid
 - STEM
 - One-Time Funding
- Implications
 - EL lets us build facilities, but we cannot afford to operate them
 - EL limits our ability to offer the CTE programs our students & communities need
 - If we do not grow, we will hit limit in FY2024
 - Grow enrollment or cut costs

YC PROGRAMS HAVE CHANGED SINCE 1980 TO SUPPORT WORKFORCE NEEDS



New Areas of Study

- FY11: Aviation, Pre-engineering, Radiation Technology
- FY12: CNC Machining
- FY13 Viticulture, Power Plant Tech., Video Game Design
Stop Construction program due to lack of enrollment
- FY14 Enology
- FY15 Culinary, Hotel & Restaurant Management
- FY16: Computed Tomography, Magnetic Resonance , Electric Utility Worker
- FY17: Medical Assistant, Animation
- FY18: Cyber Security, Medical Assistant
- FY19: Basic Carpentry
- FY20: Investigate 3D Construction, Addiction Counseling, Fermentation, Theater Tech
- FY21: Expand CNC, Pre-Engineering
Plan to add Electrical, HVAC, Plumbing, Vet Tech

FY20 STRATEGIC PLAN ACTIONS

1. Student Success

- a. Texting
- b. 15 to Finish
- c. YC Promise
- d. Strategic Enrollment Management

2. Economic Responsiveness

- a. VVC Career Technical Ed Programs
- b. Investigate Addiction Counseling
- c. Research 3D Construction

3. Enrollment (Engaged Community)

- a. Senior Citizen discount
- b. Inside Track recruiting
- c. Investigate Theater Tech
- d. Research Fermentation
- e. Community Outreach Coordinator
- f. Open Educational Resources
- g. Academic Master Plan

4. Organizational Development

- a. YC Way
- b. Outward Mindset
- c. Reorganization

5. Fiscal Stewardship

- a. Renovate L



BRIEF RECESS

BUDGET OVERVIEW

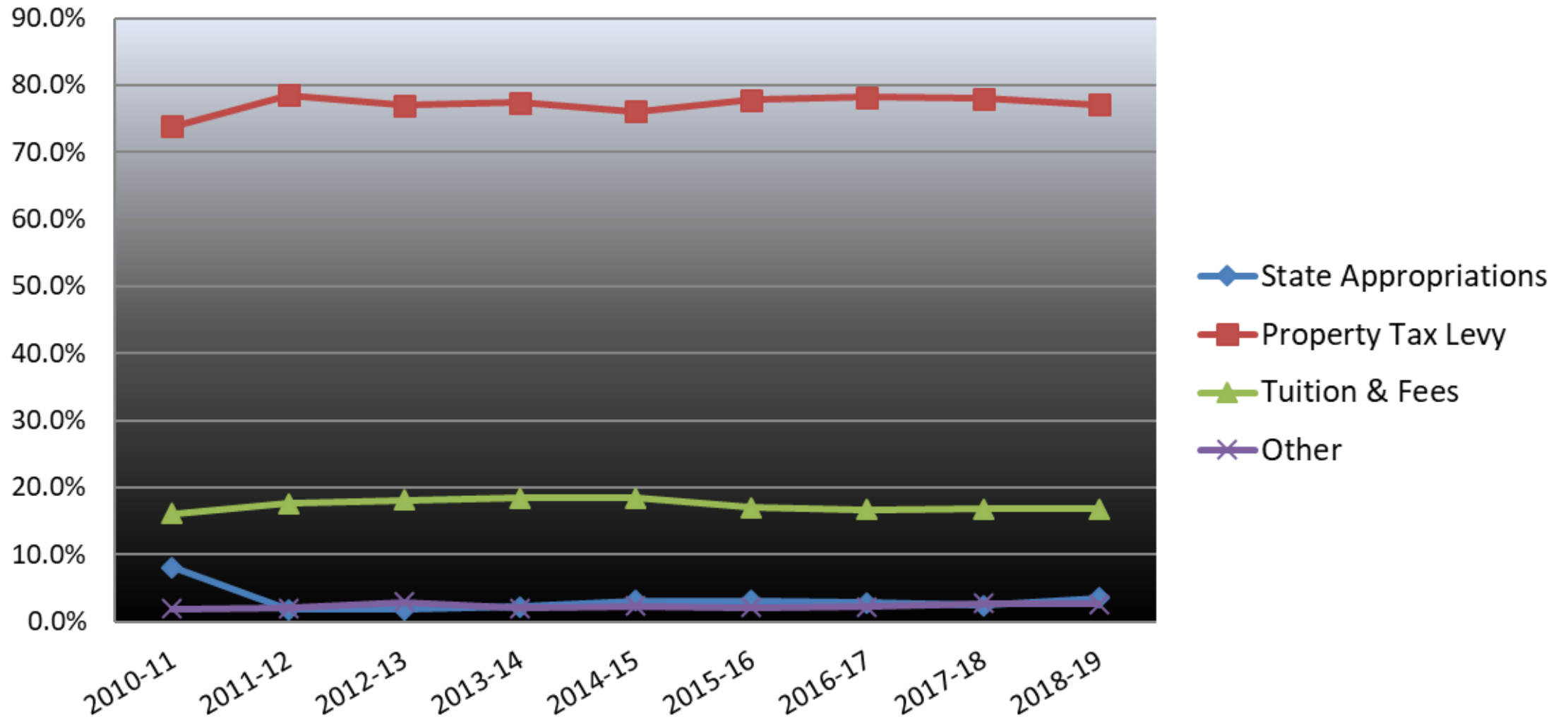
Revenues

BUDGET

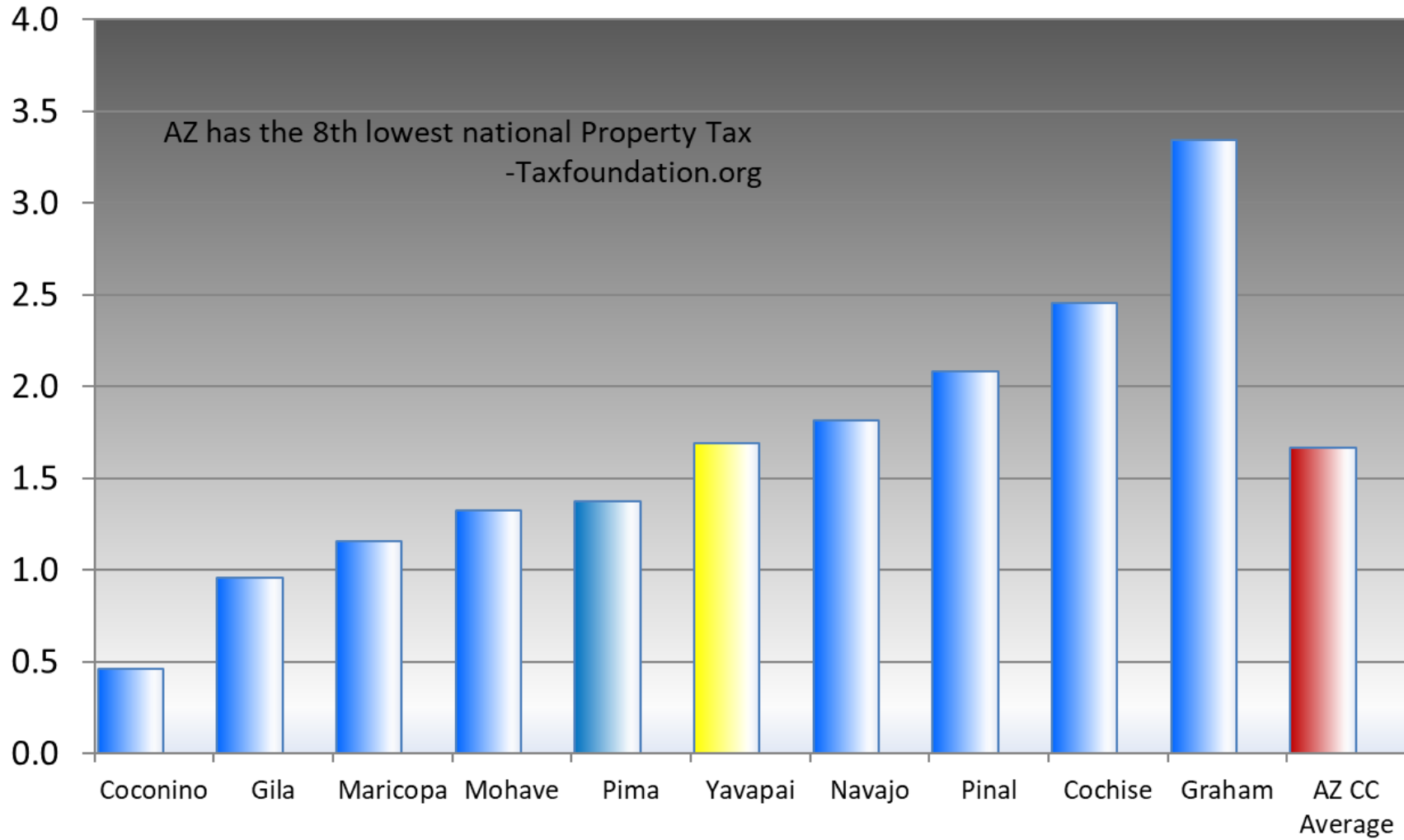
“ “ A budget is a list of all planned expenses and revenues
-- Yahoo.com

“ “ A budget is the Mission, Vision, DGB Ends,
Strategic Plan, Educational & Campus Master Plans
stated in monetary terms
-- Yavapai College

Revenue Source as a % of Total Unrestricted Revenues



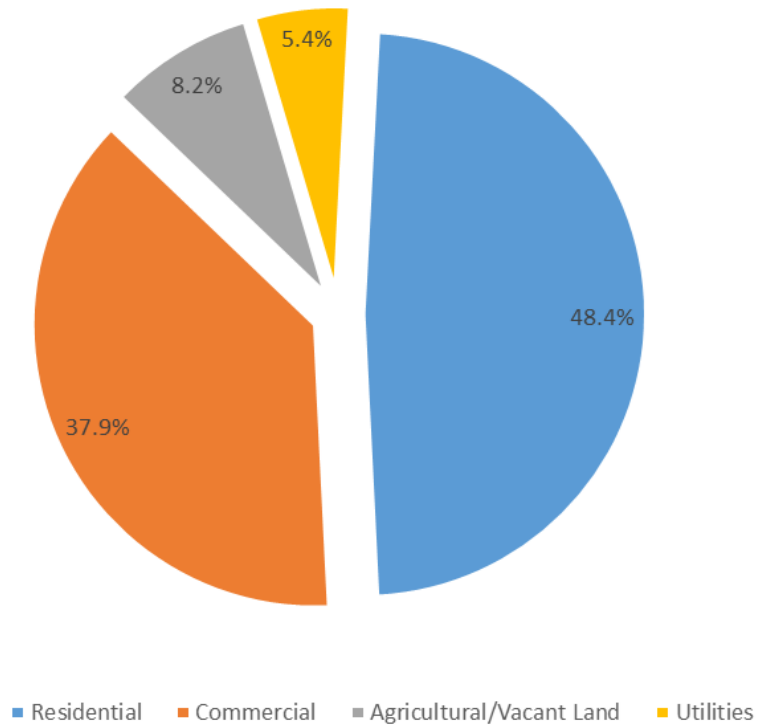
**Arizona Community College
2020 Primary Property Tax Rates
(in mils)**



Source: FY2019-20 Arizona Community Colleges State Aid Request

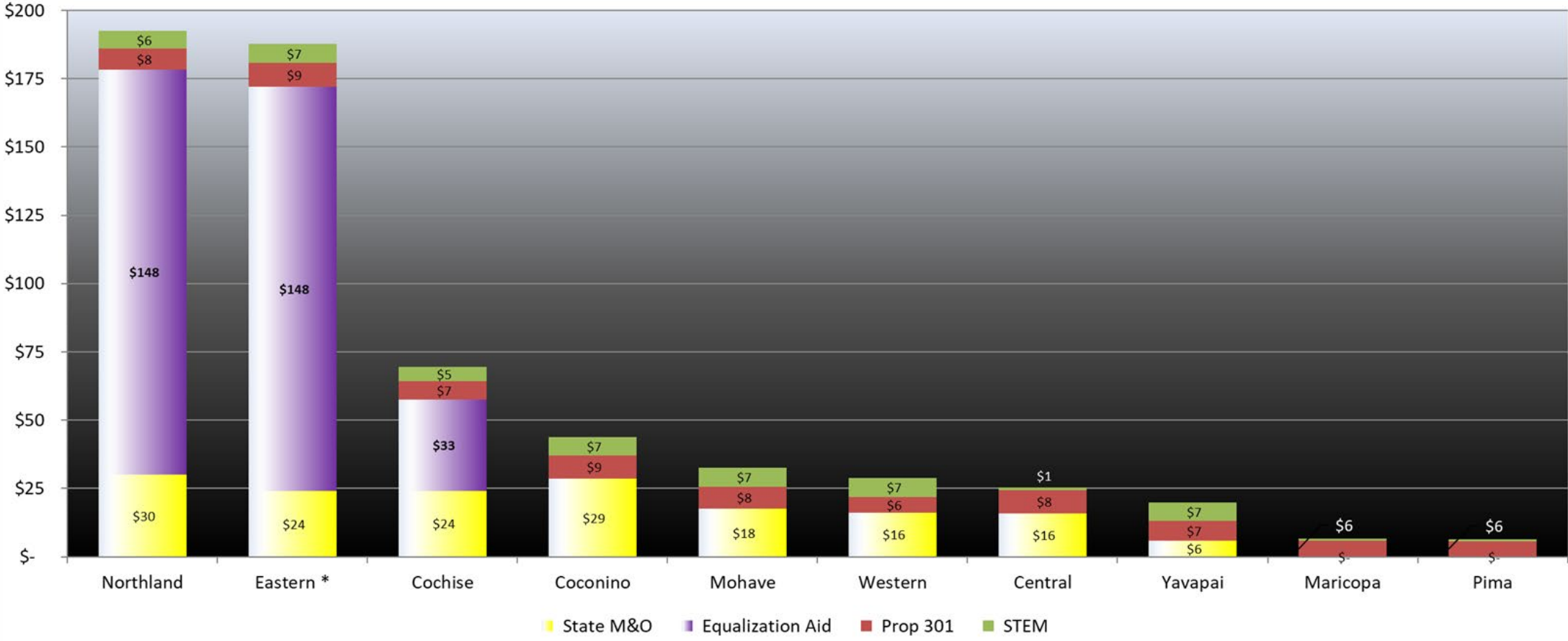
PROPERTY TAXES

2019 Yavapai County Property Tax by Type



	Top 10 Taxpayers (2019)	YC Supporting Programs
1	ARIZONA PUBLIC SERVICE COMPANY	Lineworker and Electrical Instrumentation Technology
2	PHELPS DODGE BAGDAD INC/BAGDAD MINE	Diesel, Electrical Instrumentation, Industrial Machine Maintenance, Welding
3	DRAKE CEMENT LLC	Diesel, Electrical Instrumentation, Industrial Machine Maintenance, Welding
4	TRANSWESTERN PIPELINE COMPANY LLC	Welding
5	UNISOURCE ENERGY CORPORATION	Diesel, Industrial Machine Maintenance
6	PHOENIX CEMENT CO / SALT RIVER MATERIALS	Electrical Instrumentation, Industrial Machine Maintenance, Welding
7	BNSF RAILWAY COMPANY	Diesel, Electrical Instrumentation, Industrial Machine Maintenance, Welding
8	STURM RUGER & CO INC	CNC Machining, Entry Level Manufacturing Certificate
9	KINDER MORGAN	Electrical Instrumentation, Welding
10	QWEST CORPORATION	CNT and Cyber Security

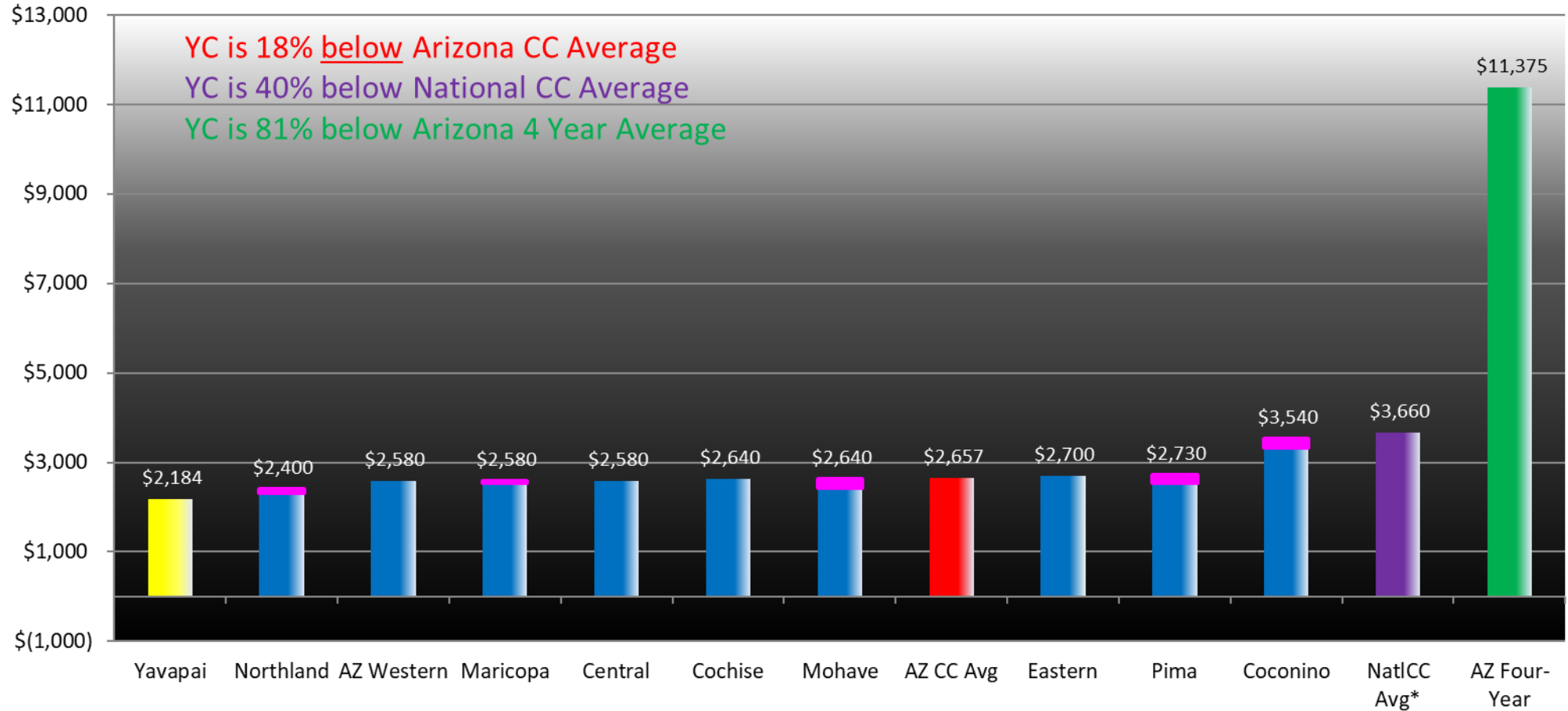
**Arizona Community Colleges
State Support per Student Credit Hour
FY 2019-20**



Source: Consolidated AZ CC State Aid Request

Weighted Annual Tuition and Fees - FY2019-20

Full Time - 30 Credits



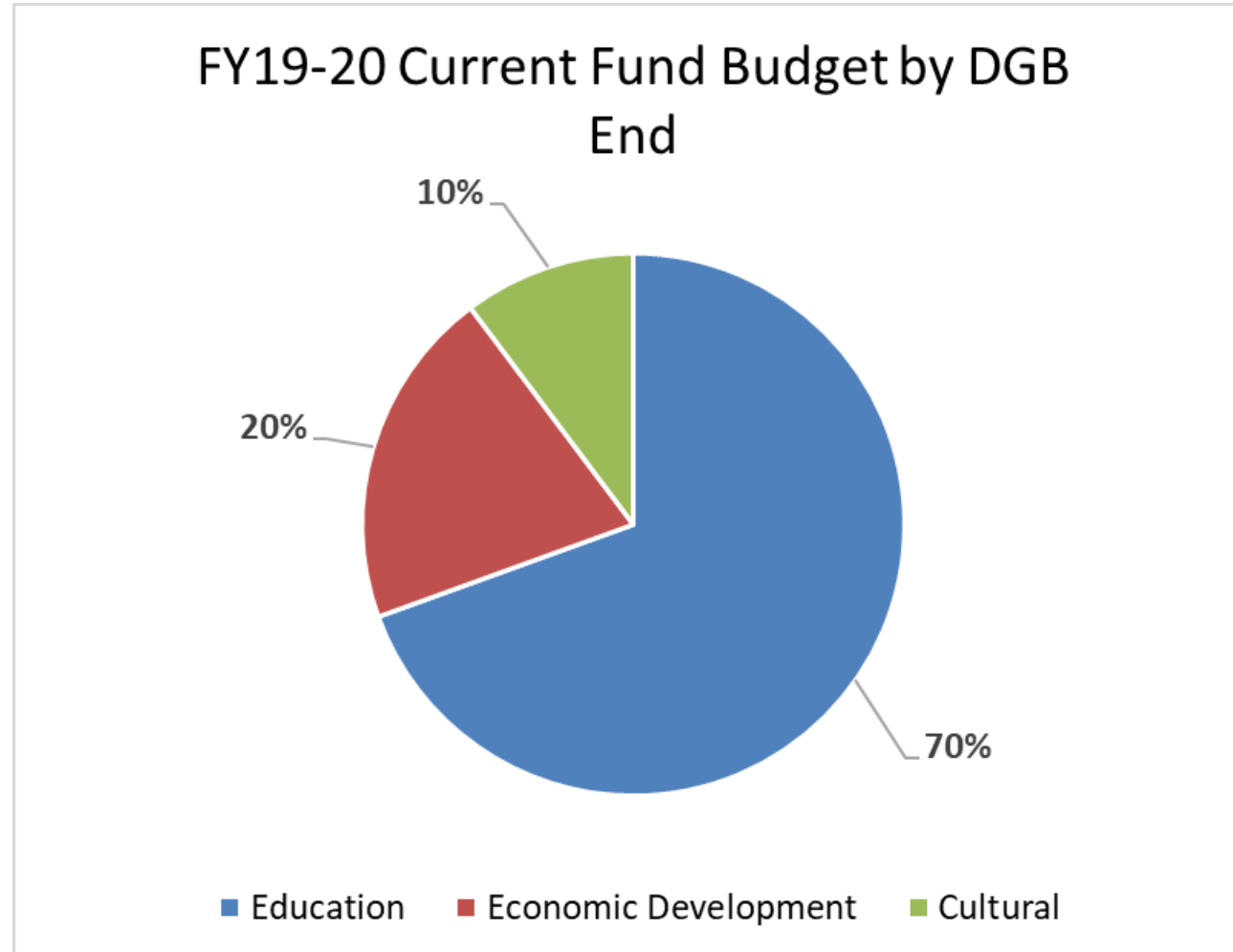
Source: FY2019-20 Arizona Community Colleges State Aid Request.

Source: ABOR Tuition history & ABOR Annual Report

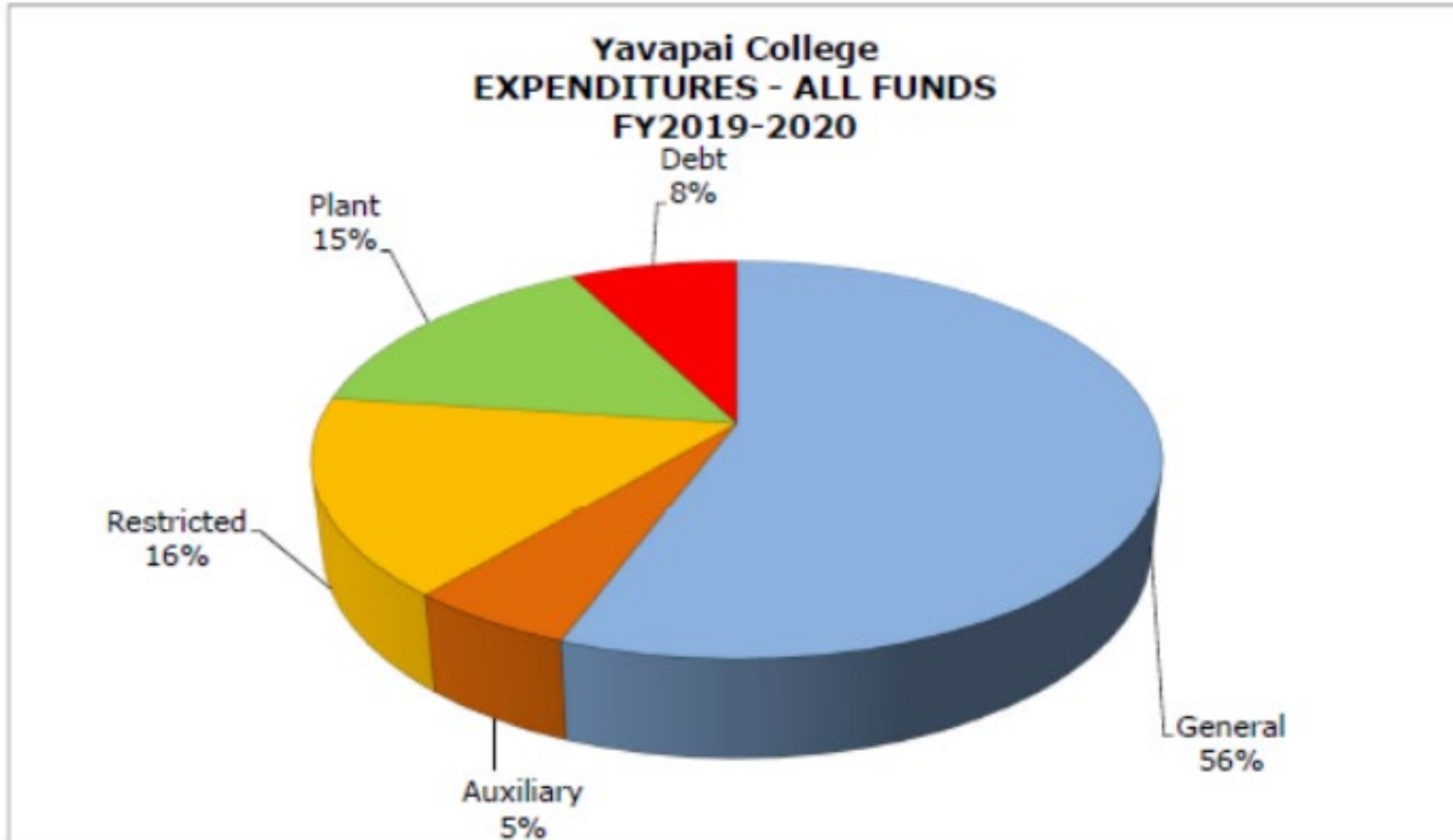
BUDGET OVERVIEW

Expenses

BUDGETED EXPENSE BY DGB END



BUDGETED EXPENSES BY FUND



**General
Auxiliary
Restricted
Debt
Plant**

**Operating
Non-core
Grants
Bonds
Capital**

\$86.2M

NACUBO FUNCTIONS

Instruction

Credit & Non-credit

Academic Support

Art Galleries, Deans, Libraries, TeLS

Student Services

Activities, Admissions, Advising, Fin Aid, Sports

Institutional Support

Administration

Facilities

Custodial, Grounds, non-capital Maintenance, Utilities

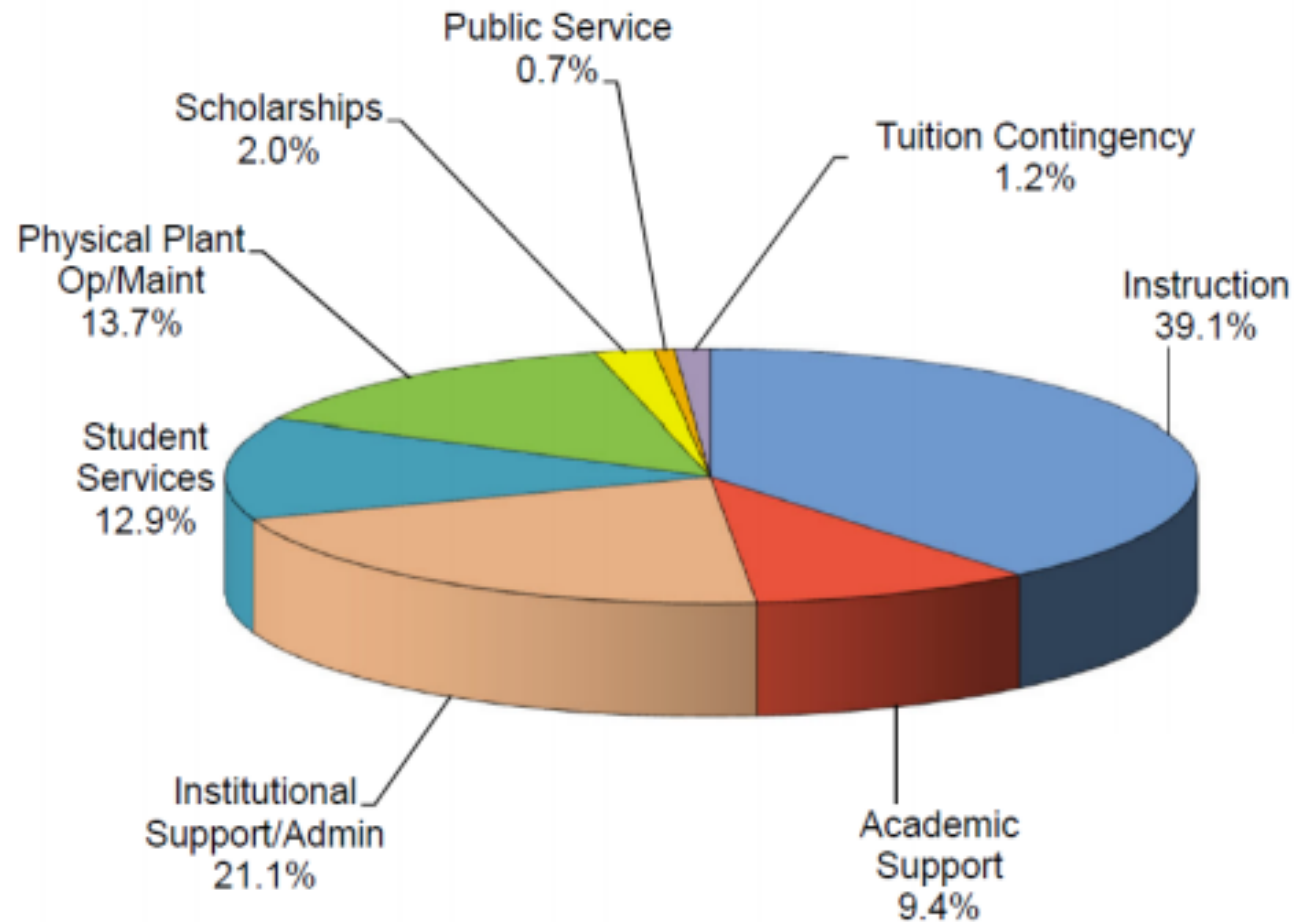
Public Service

REDC, Community Events

Auxiliaries

Residence Halls, Food Service, Bookstore

GENERAL FUND BUDGETED EXPENSE BY FUNCTION



GF & AUX FUND FY20 BUDGET BY DIVISION

COMMUNITY RELATIONS & STUDENT DEVELOPMENT

Community Relations

- VP Office \$359,000
- Alumni \$101,000
- Athletics \$1.7M
- Foundation \$113,000 (YC portion)
- Grants \$92,000
- Marketing \$858,000
- REDC \$393,000
- Special Events \$95,000

GF & AUX FUND FY20 BUDGET BY DIVISION

COMMUNITY RELATIONS & STUDENT DEVELOPMENT

Student Development

• Enrollment Mgmt	\$370,000
• Admissions	\$188,000
• Early College	\$464,000
• Financial Aid	\$581,000
• Promise	\$190,000
• Registration	\$344,000
• Retention Advisors	\$587,000
• Tech Team	\$418,000

Student Development

• Student Affairs	\$231,000
• Admissions Advisors	\$590,000
• Learning Center	\$612,000
• Residence Life	\$393,000
• Student Activities	\$236,000
• Student Conduct	\$103,000
• Testing	\$212,000
• Trio	\$154,000

GF & AUX FUND FY20 BUDGET BY DIVISION

FINANCE & ADMINISTRATIVE SERVICES

•VP Office	\$336,000	ITS	\$271,000
•Accounting	\$975,000	Cyber Security	\$392,000
•Food Service	\$201,000	Helpdesk	\$740,000
•Purchasing/Mail/Print	\$675,000	Networking	\$1.3M
•Facilities	\$3M	SW Applications	\$1.3M
•Custodial	\$1.4M	Presentation Tech	\$698,000
•Grounds	\$435,000	Inst. Effectiveness	\$481,000
•Maintenance	\$1.6M	Police	\$865,000

GF & AUX FUND FY20 BUDGET BY DIVISION

INSTRUCTION

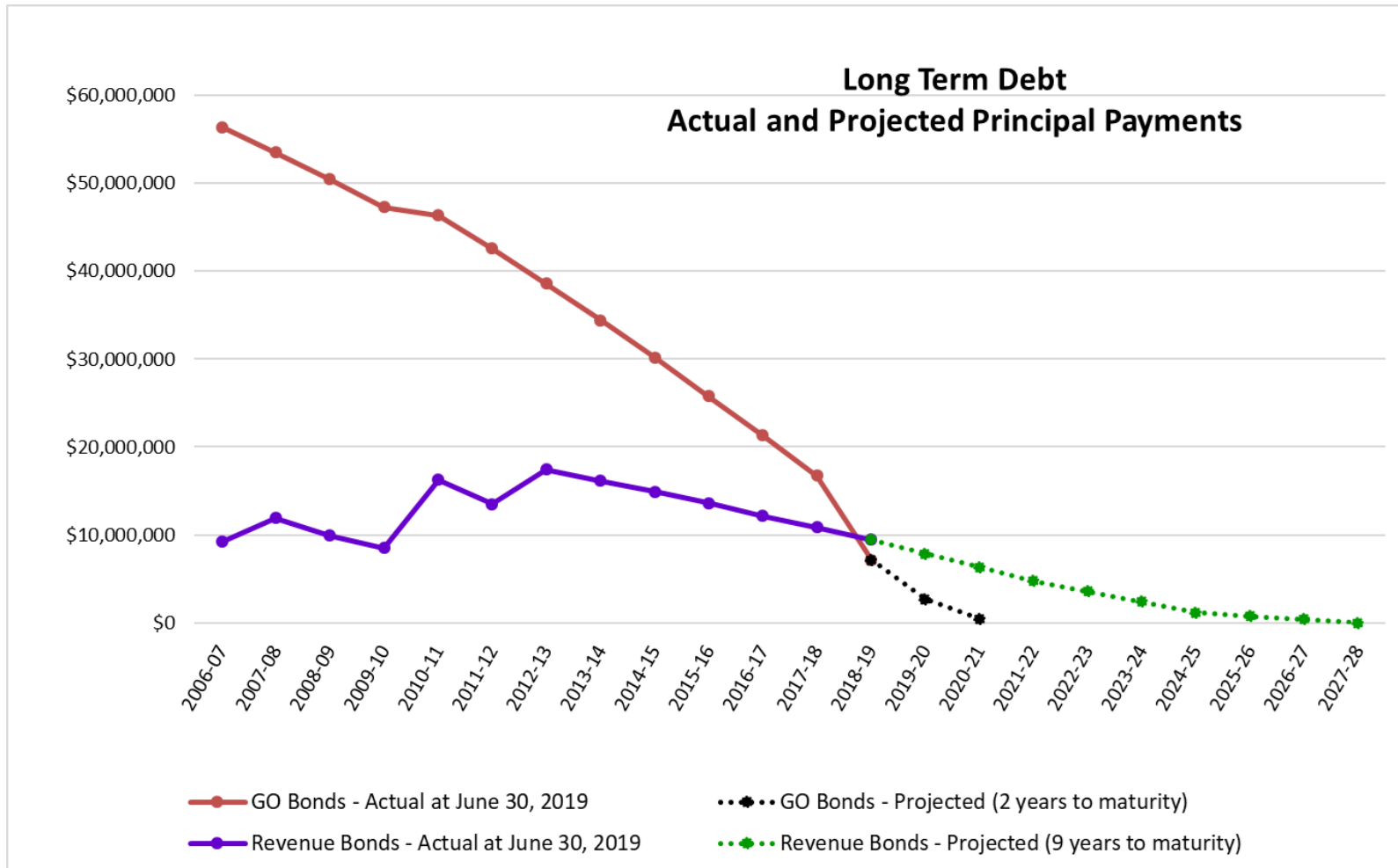
• Schools		• Instructional Support	\$1.2M	
• Arts & Humanities	\$3.1M	• Lifelong Learning	\$698,000	
• Business & Computers	\$1.8M	• Performing Arts		&
• CTE	\$3.6M	• Community Events	\$1.7M	
• Health & Wellness	\$4.3M	• Scheduling	\$573,000	
• Science & Engineering	\$3.2M	• VVC Administration	\$575,000	
• Social Sciences	\$2.3M			

GF & AUX FUND FY20 BUDGET BY DIVISION

PRESIDENT

- President's Office \$506,000
- DGB \$175,000
- Human Resources \$717,000

DEBT FUND



RESTRICTED FUND

➤ Federal

➤ Pell	\$8.9M
➤ TRIO	\$1.1M
➤ ETS	
➤ VUB	
➤ ABE	\$366k
➤ Substance Abuse	\$205k
➤ Perkins	\$189k
➤ SBA	\$142k
➤ Advanced Tech	\$134k
➤ Other	\$167k

State

▪ Prop 301	\$760k (sunsets 12/20)
▪ STEM	\$703k
▪ ABE	\$131k
▪ Other	\$109k

Private

▪ Osher	\$111k
▪ YCF	\$605k
▪ Freeport	\$95k
▪ Other	\$135k

Yavapai College grants bring \$13.9M to Yavapai County

CAPITAL FUND

Fixed Capital

▪ Deferred Maintenance	\$4M
▪ Unplanned	\$.26M
▪ Equip Replacement	\$2.3M
▪ FFE	\$.26M
▪ Library	\$.1M
▪ Contingency	<u>\$.26M</u>

TOTAL \$7.2M

Variable Capital

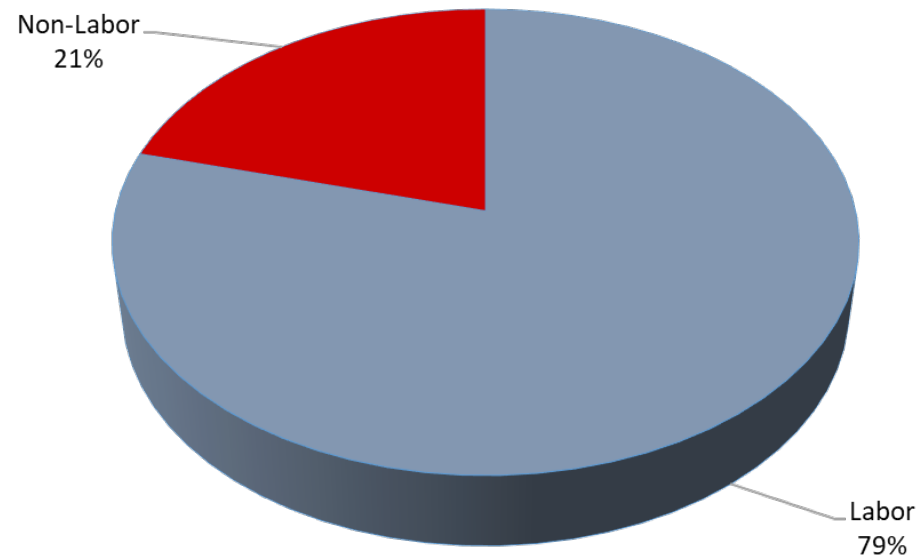
▪ Capital Improvement Plan	\$5.2M
▪ Renovations for evolving program needs	
▪ New Construction for new Community needs	
▪ New Equipment Bldg L	\$1M

BUDGET

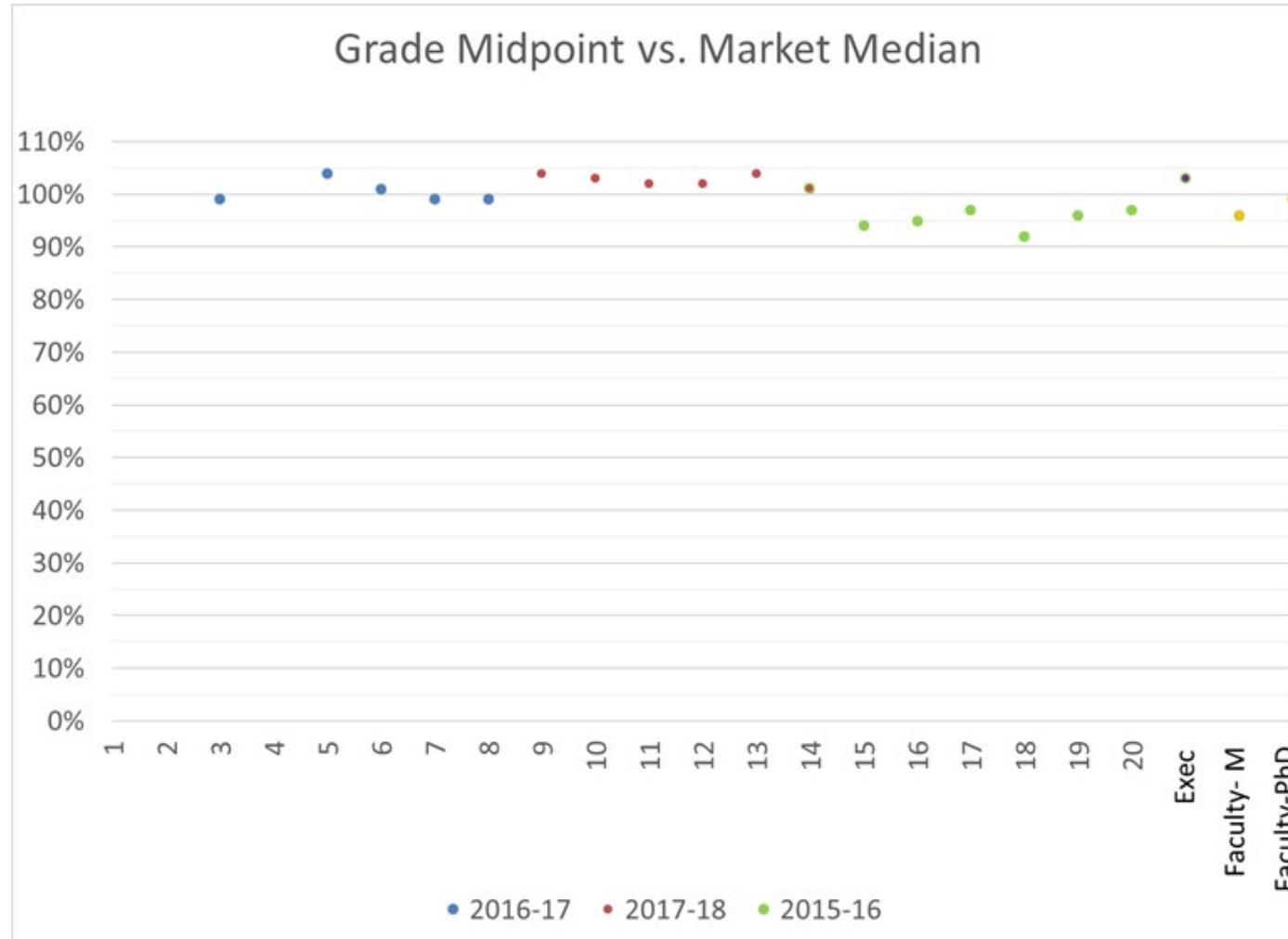
Special Analyses

FY19 OPERATING BUDGET ANALYSIS: COST DRIVERS

2018-19 Actuals Labor vs Non Labor
General Fund



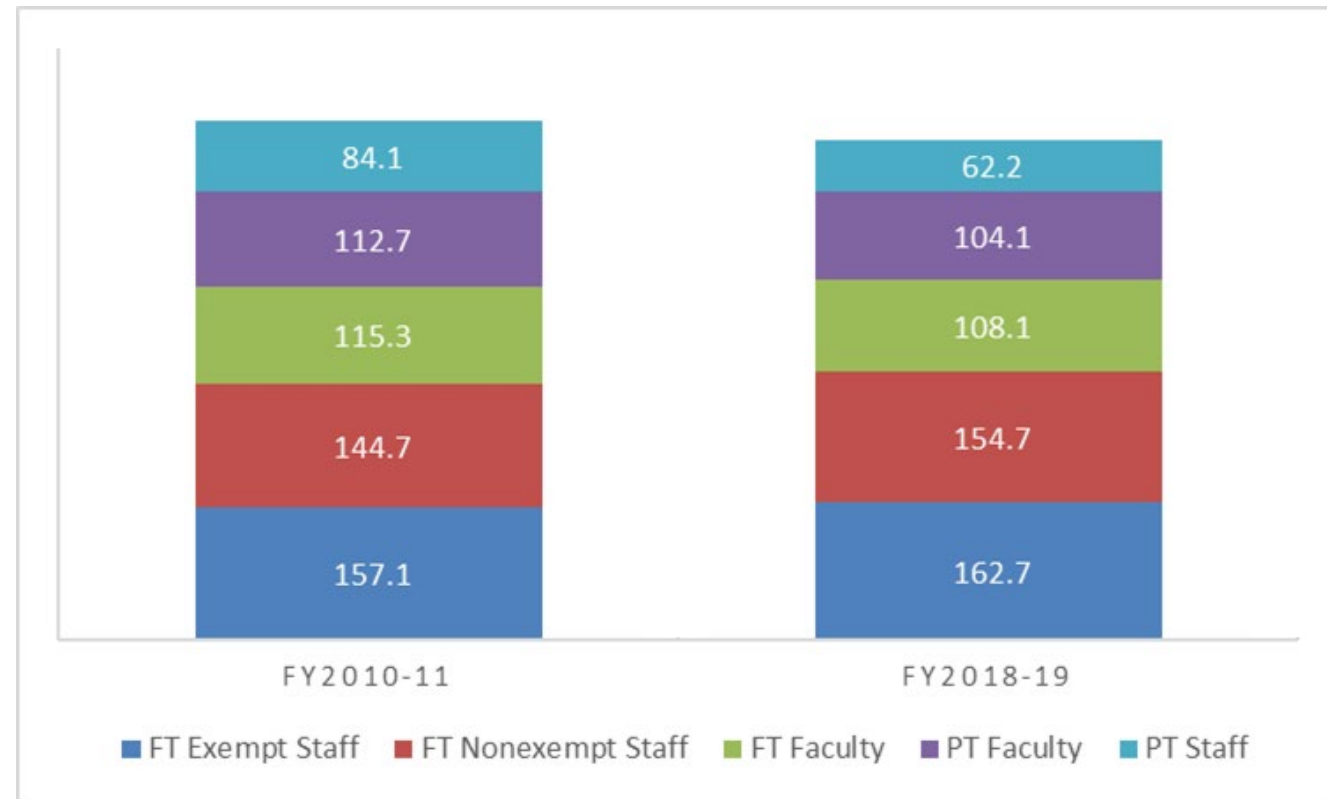
MARKET COMPETITIVE LABOR COMPENSATION RANGE AND RAISES



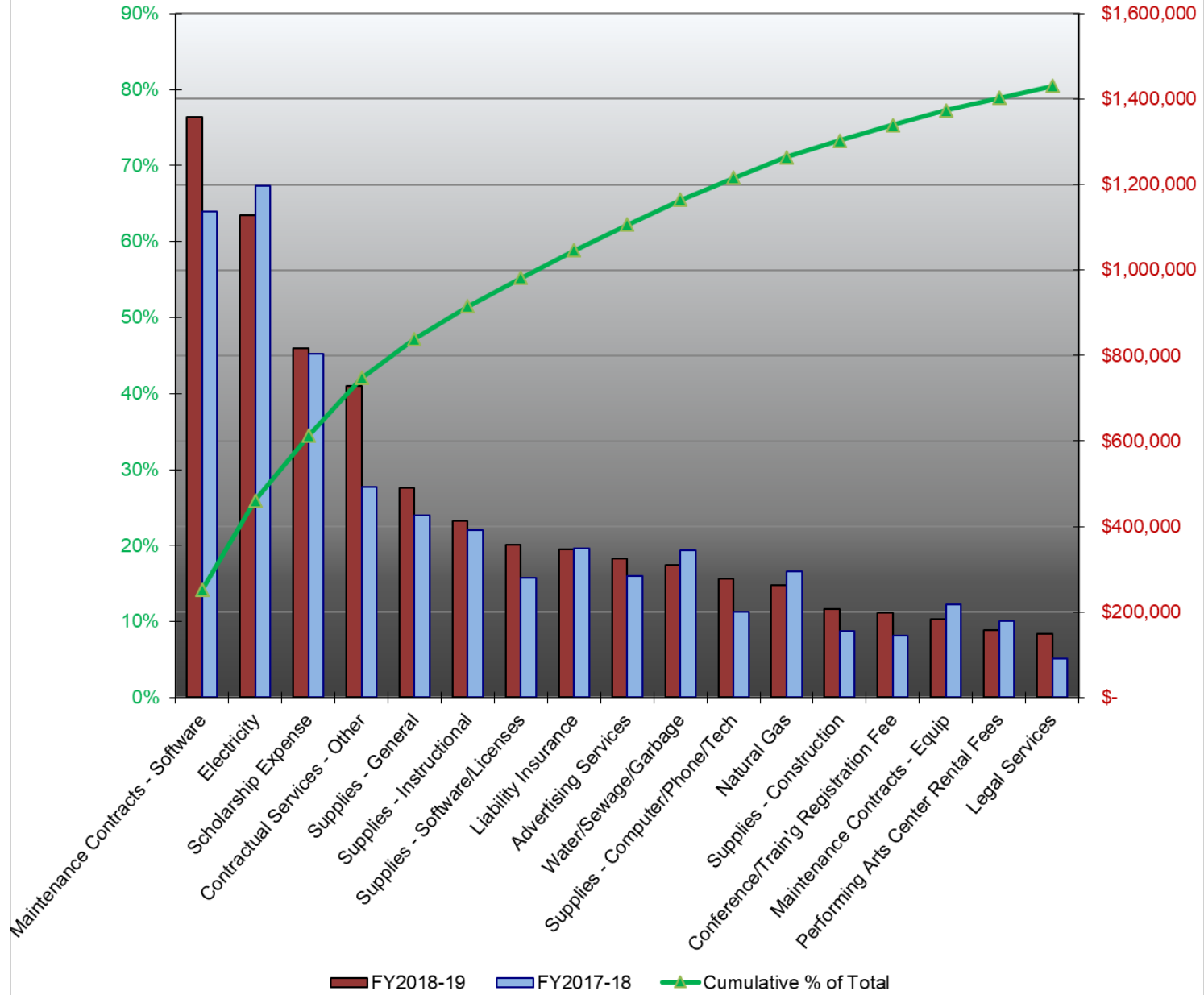
FY19 CURRENT FUND BUDGETED STAFFING LEVELS

President, DGB & HR	FY2018-19
FT Exempt Staff	6.0
FT Nonexempt Staff	3.0
FT Faculty	-
PT Faculty	-
PT Staff	0.3
	9.3
Finance & Admin Services	
FT Exempt Staff	46.9
FT Nonexempt Staff	71.5
FT Faculty	-
PT Faculty	-
PT Staff	8.3
	126.7
Instruction	
FT Exempt Staff	48.4
FT Nonexempt Staff	49.3
FT Faculty	108.1
PT Faculty	104.1
PT Staff	40.9
	350.8

Community Relations	FY2018-19
FT Exempt Staff	23.0
FT Nonexempt Staff	10.1
FT Faculty	-
PT Faculty	-
PT Staff	0.7
	34.0
Student Development	
FT Exempt Staff	38.4
FT Nonexempt Staff	20.9
FT Faculty	-
PT Faculty	-
PT Staff	11.8
	71.0

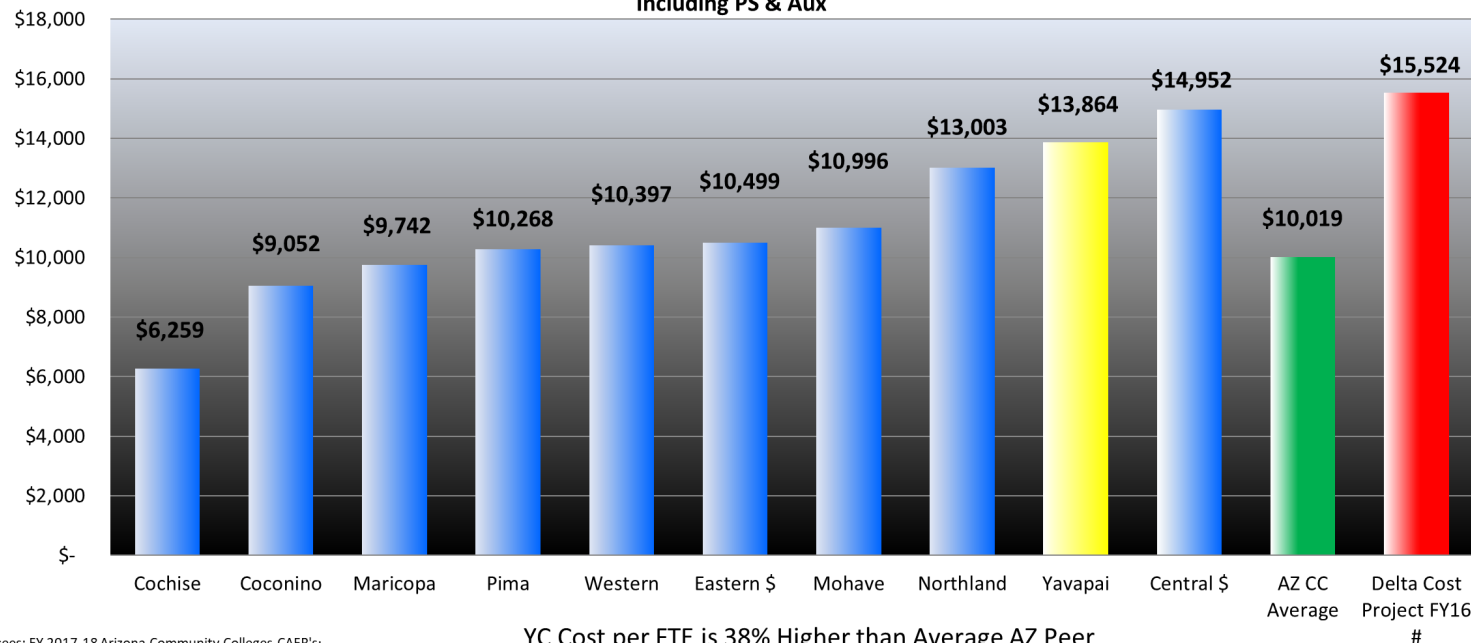


FY2018-19 Actual Cost Drivers 80% of Non-Labor Direct Expenditures



OPERATING COSTS PER FTSE BENCHMARKS

Actual Operating Expenditures per Student FTE
FY 2017-18
Including PS & Aux



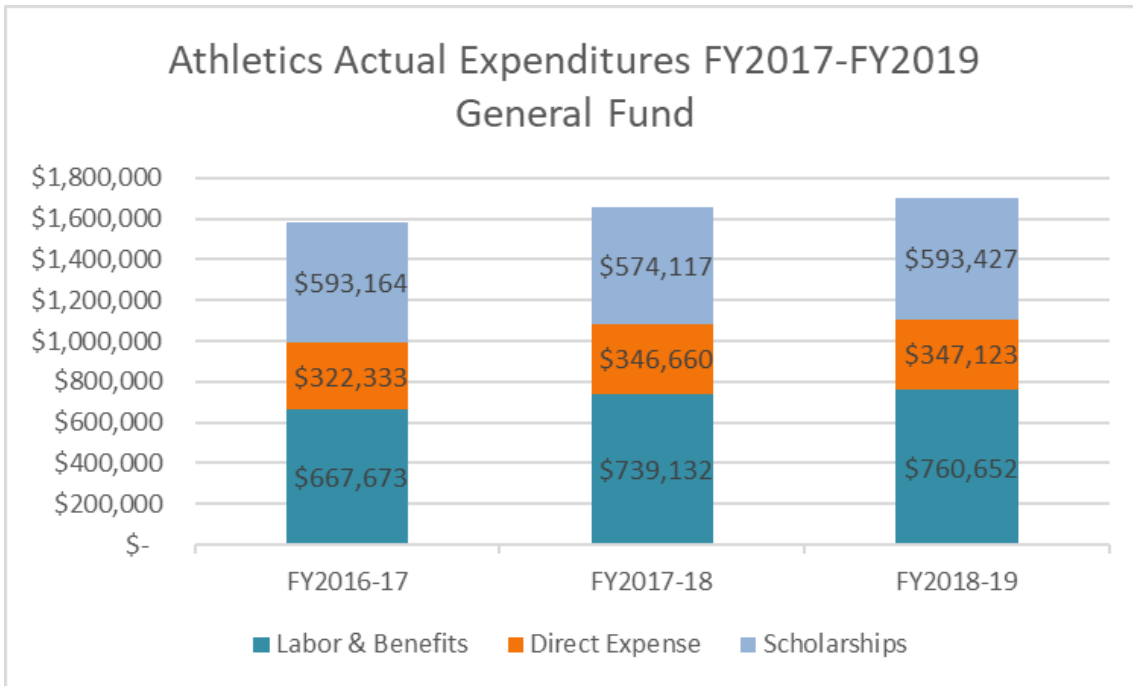
Sources: FY 2017-18 Arizona Community Colleges CAFR's;
2019 Consolidated State Aid Request;
adjusted up to FY18 CPI / Inflation

YC Cost per FTE is 38% Higher than Average AZ Peer
YC is 11% Lower than the National Average

Why more \$ than average AZ CC?

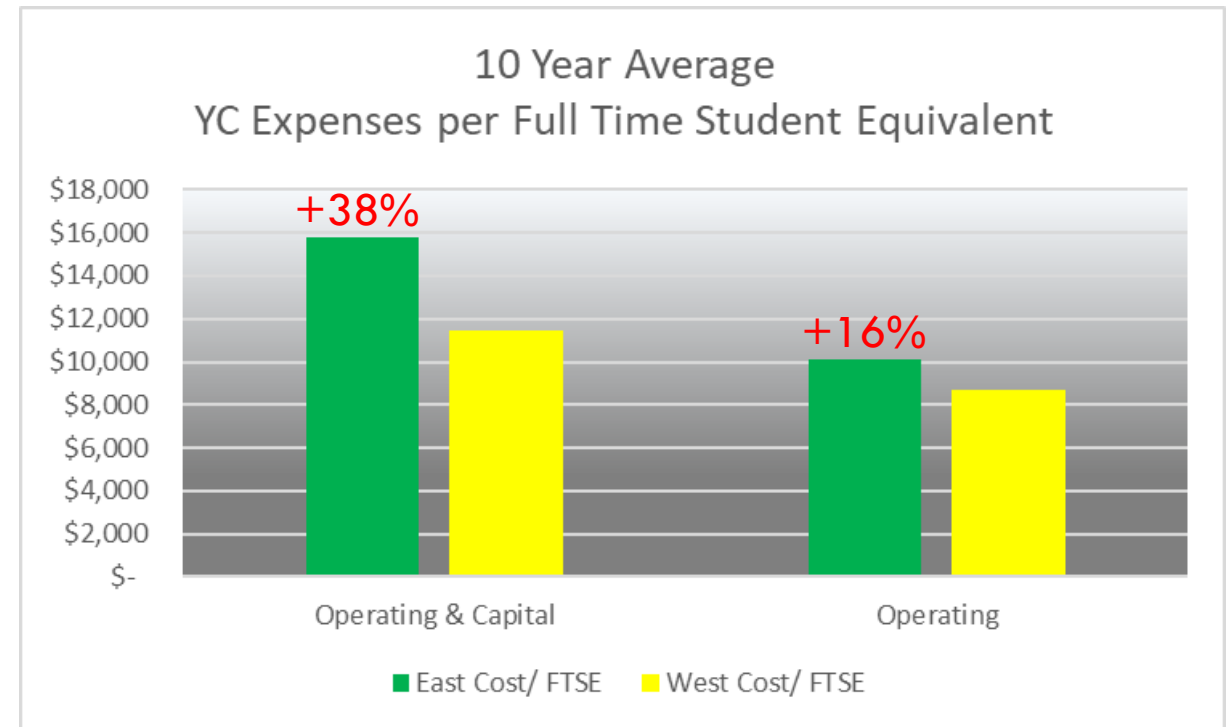
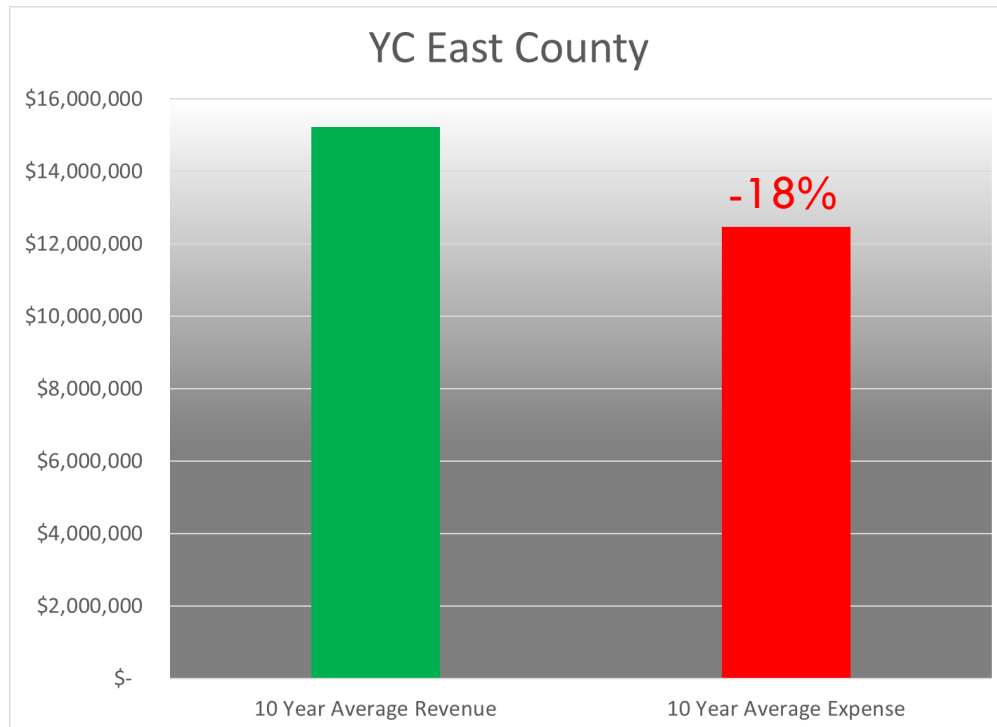
- AZ Very Efficient State
- Unique Services
 - Athletics
 - Community Events
 - FEC
 - Res Halls
 - Scholarships
- Operations
 - Room for Growth
 - Product Mix (CTE & Non-Credit)
 - Geography

ATHLETICS

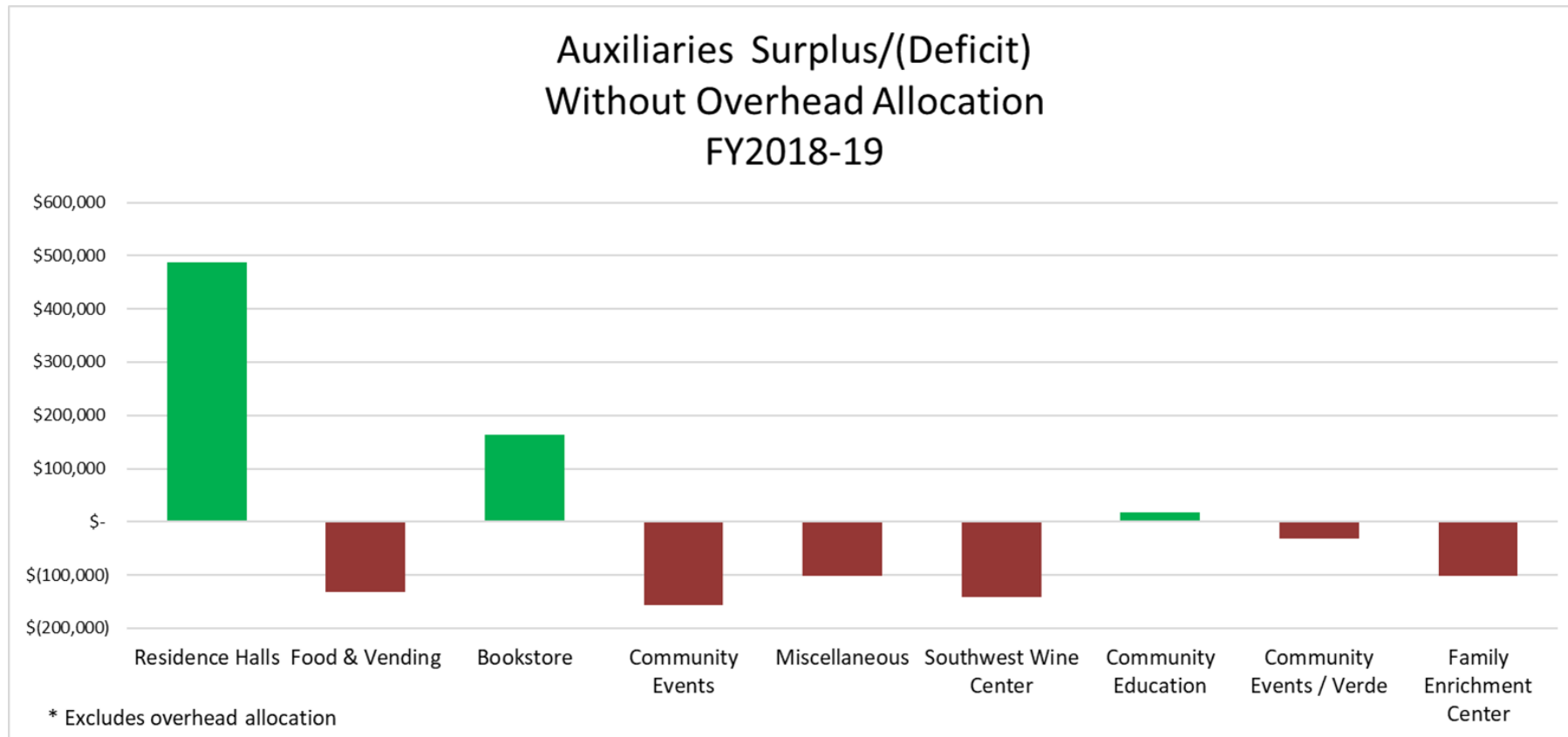


- Over the next 5 years, Athletics will strive to self-fund scholarships

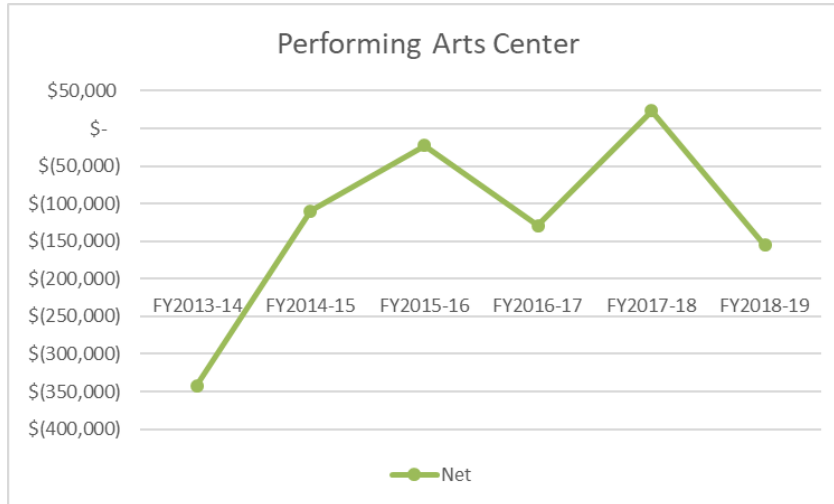
EAST COUNTY REVENUES & EXPENDITURES



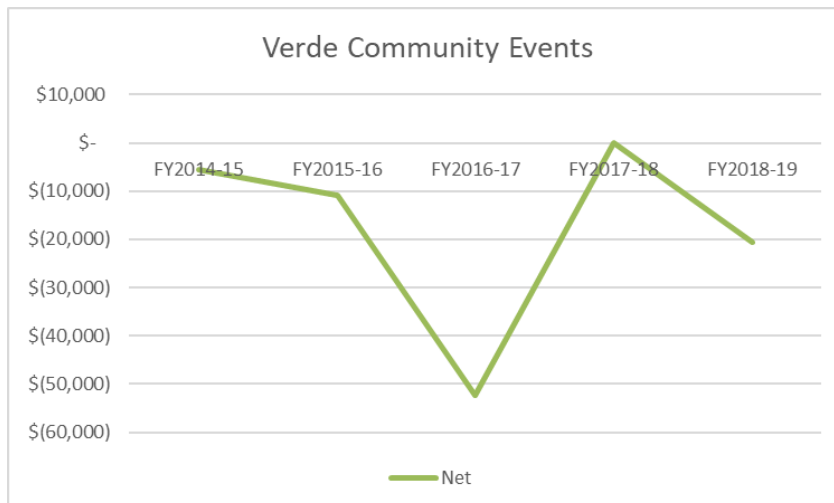
AUXILIARY



COMMUNITY EVENTS



- PAC's average subsidy over past 5 years is under half of historical average



Yavapai College

District Governing Board Expenditures

FY2016-17 through FY2018-19

<u>Expense Type</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>FY2018-19</u>
Admin Support Salaries & Benefits	\$ 40,521	\$ 41,169	\$ 32,718 [#]
Legal Services	33,140	31,735	42,122
Consulting Services	10,189	9,835	8,000
Professional Services - Other	-	-	-
Advertising & Printing	4,858	18,880	4,287
Contractual Services - Other	40,905	2,500	78,481 [*]
Supplies - Software/Computer/Phone/Tech	13,962	12,562	11,993
Supplies - Food/Other	3,366	4,352	3,622
Books & Postage	7	8,742	271
Travel & Conferences	23,428	38,129	45,572
Total Expense	\$ 170,376	\$ 167,903	\$ 227,065
	* Yavapai County Elections		
	# Turnover vacancy savings		

<u>Fiscal Year</u>	<u>ACCT Leadership Congress</u>	<u>IPGA Ann Conf</u>	<u>ACCT GLI & GISS</u>	<u>AADGB meeting</u>	<u>AACCT Meeting</u>	<u>Govern For Impact Conf</u>
17	1	3		2		
18	5	5	2	2	Page 65 of 71	
19	5	2			2	1

Thank you!

Strategic Initiative	Action	Rationale	Outcome(s)
1. Student Success	a. Automated Texting	Improve communications to help students enroll and engage	Improve enrollments
	b. 15 to Finish	Encourage students to take 15 credits per semester	Improve completion & enrollment
	c. YC Promise	\$ Reward for behaviors that enhance completion	Improve completion & enrollment
	d. Strategic Enrollment	Define programs, delivery methods, recruitment & retention, pricing & discounts	Improve completion & enrollment
2. Economic Responsiveness	a. Increase VVC CTE	Prepare more people to enter the workforce into fields with living wage jobs	Improve enrollment & wages of grads
	b. Investigate Addiction Counseling	Lots of rehab centers in Yavapai County with job demand and grad who want to give back	Meet workforce need Improve enrollment
	c. Research 3D Construction	Housing crisis in Yavapai County, with seemingly few people interested in conventional Construction training	Meet workforce training need Introduce lower cost housing
3. Enrollment (Engaged Community)	a. Senior Citizen Discount	Roughly 1/3 of population is retirement-aged: this is a way to say “Thank you for your support”	Engage Community Improve Enrollment
	b. Inside Track	Hired company to expand our capacity to recruit former students	Improve Enrollment
	c. Investigate Theater Tech	Many high schools have this program and could tie to YC curriculum	Improve Enrollment
	d. Research Fermentation	Build on the success of the Southwest Wine Center by expanding into brewing and possibly distilling	Improve Enrollment
	e. Hire Community Outreach Coord.	14% of community are Hispanic, with an average Age of 28. Many would benefit from college certificate or degree	Improve Enrollment
	f. Open Educational Resources	Many students cut costs by sharing books or not buying books. OER is a low cost alternative.	Improve completion & enrollment
	g. Academic Master Plan	We will perform a comprehensive evaluation of our current program mix. Which programs should grow, Shrink, end, begin to meet community needs	Improve Enrollment

Strategic Initiative	Action	Rationale	Outcome(s)
4. Organizational Development	a. YC Way	Dr Rhine has set goals for us to have excellence in learning, quality customer service, and relationships	Improve employee morale
	b. Outward Mindset	To support relationship excellence, this set of tools teaches employees to achieve college goals while considering everyone's wants and needs	Improve employee morale
	c. Reorganization	We had some structural issues that impeded our success.	Improve effectiveness
5. Fiscal Stewardship	a. Renovate L	As we connect Bldg L to the central plant, we are taking the opportunity to expand CTE programming though Allied Health, Nursing, Sciences, Advanced Manufacturing, and Pre-engineering	Improve Enrollment Meet workforce needs

Expenditure Limitation Issue Summary and Potential Impact on YC

Background:

In 1980, Senate Concurrent Resolution 1001 established 10 propositions to amend Article IX of the Arizona Constitution to define, modify, and generally restrict debt and taxation rules for local agencies. One of the propositions, Proposition 109, created expenditure limitations for school districts and community college districts. Following high inflation and concerns about growth in government and spending, the amendments were passed by popular vote. The subsequent changes to the Arizona Constitution were considered to be equivalent to California's proposition 13, which passed two years prior.

Arizona Constitution Title IX, Section 21:

Arizona's Constitution Title IX, Section 21. details the precise manner in which the expenditure limitation (EL) is implemented for both community college districts and school districts. A key phrase to remember is that EL is a cap on "EXPENDITURES OF LOCAL REVENUES," which is intended to be a control on tax-based public spending. As such, it does not constrain total spending, just spending from certain funding sources for operating purposes. Because the language is constitutional, changes would require a majority approval in a statewide election. This presents a particular problem as Section 21 specifies, in considerable detail, how expenditure limitation is implemented:

1. The base year, fiscal year (FY) 1979-80, from which the expenditure cap will be adjusted (indexed) for:
 - a. Growth in demand (measured by enrollment), and
 - b. Cost of living
2. The specific indexing methodology to be used for Cost of Living, which is either:
 - a. The Implicit Price Deflator (also referred to as the Gross Domestic Price Deflator), or
 - b. An alternate measure adopted by the legislature by concurrent resolution upon affirmative vote of two-thirds of each house to be implemented for subsequent fiscal years
3. Twelve specific exclusion categories that are not counted against the expenditure limitation
 - a. Several of these exclusions are referred to as revenues, which creates significant confusion when projecting and accounting for EL. The most pertinent revenue-based exclusions include:
 - i. Tuition & Fees,
 - ii. Grants, and
 - iii. Investments
 - b. Additional exclusions include:
 - i. Intergovernmental contracts (when the EL impact is borne by the other party),
 - ii. Long-term debt, and
 - iii. "Amounts accumulated by a community college district for the purpose of purchasing land, buildings, or improvements or constructing buildings or improvements."
4. The Economic Estimates Commission sets the expenditure limits each year (41-563. Expenditure limitations: determination by the commission: definitions), and the legislature develops a uniform reporting system (41-1279.07. Uniform expenditure reporting system: reports by counties, community college districts, cities and towns: certification and attestation: assistance by auditor general: violation: classification)

KEY POINT: Most general fund and operating expenses are not excludable, including personnel costs; most computing equipment; license agreements; and utilities.

The Formula

As previously mentioned, the EL cap is based on the amount of expenditures in each district in 1979/80 increased for growth in “student population” and adjusted for “inflation.” Community college student population is based on full time student equivalents (FTSE), which is defined in statute 15-1466.01. Calculation of full-time student enrollment; report and audited annually by the state.

Prior to FY18, community colleges utilized an estimated FTSE for the EL calculation. Senate Bill (SB) 1322 amended the definition of FTSE for EL purposes, which is to be based on audited actual FTSE while also adding an extra 30% weight for Career and Technical Education (CTE) FTSE. For the purposes of the EL calculation, SB1322 also enabled colleges to use either: prior year audited weighted FTSE; the average of the past five years’ audited figures; or prior year weighted plus 5% (if a college has fall-over-fall growth).

Community College FTSE has been in decline nationally since the peak in fiscal year 2011, and the provision for calculating the EL using a 10- year average (thus maintaining peak enrollment as long as possible) ends in FY20. This reflects the negative correlation between community college enrollments and the economy: when people lose their jobs, they go to community colleges to upskill and retool; as the economy improves, these students re-enter the workforce, whether or not they complete their credential.

Other Issues of Note

Expenditure limitation was derived to limit local government operational growth and taxes, but the law does not necessarily limit or reduce taxes the College could collect. The ability to tax and the significant restrictions pertaining thereto are outlined separately in the constitution and numerous state statutes. Community college boards have the legal ability to raise the tax levy 2% per year. The levy increase is cumulative, so unused capacity can be claimed in future years: YC currently has 11% unused taxing capacity. The process follows a statutorily required, public Truth in Taxation Notification process prior to approval by the Governing Board; enrollment growth does not affect the ability to tax. The College can continue to levy at the maximum and use the funds for facility additions or improvements, or can reserve the funds for future facility needs and improvements, which are excludable expenses under EL.

SB1322 also clarified that gifts, grants, contract, auxiliary, and entrepreneurial revenues are excluded from expenditure limitation. These exclusions are included within 15-1444: General powers and duties of district governing boards.

As shared with the DGB during the FY20 Budget process, YC will reach its Expenditure Limit in FY24 if enrollments do not grow or shrink.

Presenter : Ray Sigafoos

Start Time : 11:23 AM

Item No : 11

Proposed By : Ray Sigafoos

Time Req : 1

Proposed : 10/7/2019

Item Type : Procedure Item

Policy No.	Description	Ref No
3.4	To accomplish its job products with a governance style consistent with Board policies, the Board shall follow an annual agenda which (a) completes a re-exploration of Ends policies annually; and (b) continually improves Board performance through Board education and enriched input and deliberation.	558881

Description : ADJOURNMENT OF REGULAR MEETING - PROCEDURAL

Details :

Attachments :

No Attachments