

Yavapai College
District Governing Board
Budget Workshop

Tuesday, February 13, 2024
9:00 a.m.

The meeting location will be open to the public at 8:45 a.m. at the latest.

Prescott Campus
Rock House
1100 East Sheldon Street
Prescott, AZ 86301

Members Present:

Ms. Deb McCasland, Board Chair
Mr. Chris Kuknyo, Secretary
Mr. Ray Sigafoos, Board Member
Mr. Steve Bracety, Board Member – Arrived late, as noted below
Mr. Toby Payne, Board Member

Administration Present:

Dr. Lisa B. Rhine, President
Atty. Lynne Adams, Board Attorney
Ms. Yvonne Sandoval, Executive Assistant
Ms. Deanne Petty, DGB Coordinator

MINUTES

<https://yavapai.hosted.panopto.com/Panopto/Pages/Viewer.aspx?id=a7f9f255-0725-4b4f-83ed-b11c0010beb9>

1. General Functions: Procedural
 - a. Call to Order {Time: 1}

Chair McCasland called the Yavapai College District Governing Board Workshop to order at 9:00 a.m. Board Member Sigafoos led the pledge of allegiance.

- b. Adoption of Agenda – **DECISION** {Time: 1}

Member Sigafoos moved, seconded by Secretary Kuknyo, to adopt the agenda. Motion carried unanimously (Ayes: McCasland, Kuknyo, Sigafoos, and Payne).

2. Study Session
 - a. Overview of Arizona Economy – Dr. George W. Hammond, Director of the Economic and Business Research Center – Eller College of Management at The University of Arizona - **INFORMATION AND DISCUSSION** {Time: 45}

Dr. George Hammond presented an overview of the state's economy, noting that while job growth in Arizona is increasing, it's slower than the US average. Inflation was also discussed, particularly in Phoenix, where it was rising faster than the national rate in 2021 but has begun to decelerate by the end of 2022. This segment also covered the job market, noting significant losses during the pandemic and subsequent recovery, with the strongest growth in private education and health services, and the slowest in trade, transportation, utilities, and manufacturing. The definition of 'unemployed' and the impact of the pandemic on wage growth was also discussed. The conversation discussed the shift towards a hybrid workplace model due to workers seeking more flexibility.

Dr. Hammond discussed the concept of a consumer price index, explaining that it's a weighted average of prices for goods and services that make up an average household's budget. He also highlighted the impact of global transportation costs on the supply chain and noted that overall price levels are still elevated from pre-pandemic levels. The discussion then shifted to the state of the housing market in Phoenix, Prescott, and Tucson, with a focus on median house prices and the Case-Shiller index. It was noted that both apartments and single-family homes saw significant price increases in 2021 and 2022, but the pace of growth has since slowed. The issue of housing affordability was also discussed. The most recent data from the third quarter of 2023 indicates that 21.7% of homes in Phoenix and 32.5% in Tucson were affordable to a family earning the local median income.

Dr. Hammond discussed the status of housing affordability in Arizona, noting that while it remains more affordable than some metropolitan areas, there has been a decline in affordability which impacts various aspects such as homelessness, taxable sales growth, and migration. Dr. Hammond also highlighted the trend of remote work and its potential impact on urban to rural transitions. Chair McCasland shared the college's plans to offer a bachelor's degree in business to support the local economy and foster entrepreneurship. The discussion also touched on the state of population growth in Arizona, with net migration becoming the primary driver, and the state of the labor market, indicating solid job growth and rising prices.

It should be noted that Secretary Kuknyo left the meeting at 9:57 a.m. during this presentation.

The Board considered Agenda Item 2.d at this time in the meeting to allow time for the presenter for Agenda Item 2.b to arrive.

- d. Receipt of the Yavapai College's Comprehensive Annual Financial Report (CAFR), Independent Auditors' Report on Internal Controls and Independent Auditors' Report on Compliance for Each major Federal Program – for the Fiscal Year Ended June 30, 2023 – Dr. Clint Ewell and Mr. Frank D'Angelo - **INFORMATION AND DISCUSSION** {Time: 15}

Mr. Frank D'Angelo discussed the successful completion of the financial audit and the ongoing Federal single audit and expansion limitation audit. The financial audit was completed without any findings, and no issues have been reported in the Federal single and expansion limitation audits so far. The ACFR would be submitted to the General Government Finance Officers Association for a certificate this will be the

24th year receiving it. The college's financial results were discussed, with a positive trend in unrestricted net assets, an increase in revenues from property taxes, interest income, and tuition, but a decrease in federal and state appropriations. The college ended the year with a cash reserve of \$42.3 million and a debt of \$3.5 million to be paid over the next four years. The financial composite index score was also discussed, which was 7.2 at the end of the last fiscal year, surpassing the NACUBO benchmark of 3.0. This segment also focused on pension liability, revenue bonds, and the retirement plan.

b. Environmental Scan Highlights for Fiscal Year 2023-2024 - Dr. Tom Hughes -
INFORMATION AND DISCUSSION {Time:15}

Dr. Tom Hughes presented an environmental scan of Yavapai County for 2023-2024. The presentation revolved around the demographic, economic, and educational landscape of the region, with a particular emphasis on the impact of an aging population. Dr. Hughes also highlighted the role of net migration in fueling the county's growth and the declining influence of school-aged children moving into the area. The challenges faced by students in Yavapai County, particularly those in the K-12 system and adult learners, were also discussed. Dr. Hughes identified a significant number of adults in the county who have some college education but no degree and could benefit from continuing their studies. This segment revealed that many residents face financial challenges, with the median household income lagging behind the state and nation. Dr. Hughes also highlighted the issue of homelessness and mental health challenges among students. He discussed the impact of the pandemic on the local economy and workforce, noting that only three industries had seen gains since the pandemic, but these gains were significant enough to offset job losses. Dr. Hughes also highlighted the importance of postsecondary education or higher for a living wage in the county, and discussed Yavapai College's strategic planning process for the upcoming fiscal year, with goals centered around belonging, living wage, adult learners, and delivery.

c. Yavapai College Finances for Fiscal Year 2024-2025 – Dr. Clint Ewell -
INFORMATION AND DISCUSSION {Time: 60}

Dr. Clint Ewell discussed the state budget, focusing on higher education funding, which has grown only 20% compared to K-12 education and public safety, both of which have seen significant increases. Dr. Ewell noted that Arizona universities receive ten times the recurring funds and three times the one-time funds from the state budget compared to Arizona community colleges. The meeting then shifted to discussing Yavapai College's budget. Half of the college's funding comes from property taxes, with the rest coming from tuition and fees, and federal and state governmental funding. Dr. Ewell emphasized the affordability of the college's tuition and fees, stating it is the second most affordable in the state. The discussion concluded with a mention of the potential unavailability of one-time state funds amounting to \$1.8 million in the next year.

Dr. Ewell discussed the budgeting system, which is divided into several funds and programs. The general fund covers operating expenses, while the auxiliary fund is for non-core educational activities. The college's budget is reported to the state or federal governments for benchmarking purposes. The budget is categorized by program, including instruction, academic support, student services, athletics, institutional support, facilities, and public services. The college experienced a significant increase in the capital budget due to the implementation of the capital improvement plan, which involves renovations and design work for various centers. The auxiliary budget also saw a 41% increase due to residence hall and food service expenses. Dr. Ewell discussed the college's budget allocation over the past five years, highlighting the addition of numerous positions, particularly academic advisors, in athletics, and information technology, and the expansion of the promise program. He also discussed the college's financial situation and resources allocation, including the importance of investing in instruction and student support categories. The college's strategic plan and budget were also discussed, with a focus on not chasing funds but securing grants that align with the mission. Board members then asked questions regarding the college's budget.

3. Board Business

- a. Consent Agenda – **DECISION** {Time: 5}
 - i. DGB Workshop Minutes – Tuesday, January 16, 2024 (*Attached*)
 - ii. Executive Session Confidential Minutes - Tuesday, January 16, 2024

(See Attachment A for more details on this discussion.)

Member Bracety arrived for the meeting and Secretary Kuknyo returned to the meeting at 12:28 p.m.

Member Payne asked that item i. DGB Workshop Minutes – Tuesday, January 16, 2024 be removed from the Consent Agenda for discussion.

Member Payne moved, seconded by Secretary Kuknyo, to approve the Consent Agenda with the exception of item i. DGB Workshop Minutes – Tuesday, January 16, 2024. Motion carried unanimously (Ayes: McCasland, Kuknyo, Sigafos, Bracety and Payne).

Member Payne requested more detail be added to the minutes to ensure that they are as accurate as they can be. He wanted more details about Member Sigafos' presentation, as he felt the details of it were important. He also wanted the items he specifically cited for policy corrections and/or revisions and discussion to be included in the minutes.

Attorney Adams brought up that adding more detail is not required by statute, but it is up to the board. Member Payne indicated he understood that but wanted more detail in the interest of transparency.

Chair McCasland informed the board of the process of how minutes are generated so the board understands the time, energy and cost associated with lengthening the

minutes. She felt that adding every board member's comments to lengthen the minutes was not needed.

Member Payne moved, seconded by Member Sigafos, to add more details of discussion to item i. DGB Workshop Minutes – Tuesday, January 16, 2024, and particularly to the sections related to agenda item 2.f Yavapai College District Governing Board Meeting Delivery Procedures and agenda item 3.b Yavapai College District Governing Board Policies. Motion carried 3-2. (Ayes: Kuknyo, Sigafos, and Payne; Nay: McCasland and Bracety).

b. Executive Session

- i. A.R.S. §38-431.03(A)(7), Discussion and Consultation with College Representatives Regarding Potential Lease and/or Purchase of Real Property, or Properties, in Prescott – **PROCEDURAL** {Time: 60}

Secretary Kuknyo moved, seconded by Member Sigafos, to go into Executive Session pursuant to A.R.S. § 38-431.03(A)(7) for Discussion and Consultation with College Representatives Regarding Potential Lease and/or Purchase of Real Property, or Properties, in Prescott. Motion carried unanimously (Ayes: McCasland, Kuknyo, Sigafos, Bracety and Payne).

c. Reconvene in Public Session

- i. Possible Action: Confirm Instructions to College Representatives Regarding Negotiations for Potential Lease and/or Purchase of Real Property, or Properties, in Prescott, as the Result of Executive Session – **DECISION** {Time: 5}

The Board reconvened in public session at 1:42 p.m.


Secretary Kuknyo moved, seconded by Member Bracety, that the board confirm its instructions to College Representatives regarding negotiations for potential lease and/or purchase of real property, or properties, in Prescott, as the result of executive session. Motion carried unanimously (Ayes: McCasland, Kuknyo, Sigafos, Bracety, and Payne).

4. Adjournment of Board Workshop: Procedural - **DECISION** {Time: 1}

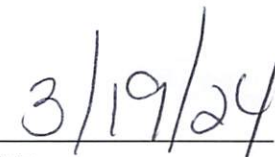
Member Payne moved, seconded by Member Sigafos, to adjourn the Workshop. Motion carried unanimously (Ayes: McCasland, Kuknyo, Sigafos, Bracety and Payne).

Workshop adjourned at 1:43 p.m.

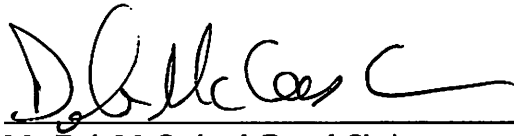
Respectfully submitted:



Deanne K. Petty, Recording Secretary



Date

A handwritten signature in black ink, appearing to read 'Deb McCasland', written in a cursive style. The signature is positioned above a horizontal line.

Ms. Deb McCasland, Board Chair

A handwritten signature in black ink, appearing to read 'Chris Kuknyo', written in a cursive style. The signature is positioned above a horizontal line.

Mr. Chris Kuknyo, Secretary