

ST. JOHNS RIVER STATE COLLEGE
DISTRICT BOARD OF TRUSTEES
Palatka, Florida

Budget Workshop
June 4, 2014

MEMBERS PRESENT:

Ms. Denise M. Bramlitt, Putnam County, Chairperson
Mr. Ronald Coleman, Clay County, Vice-Chairperson
Mr. Wendell Davis, Clay County
Col. Mickey Duren, St. Johns County
Ms. Mary Ellen Hancock, St. Johns County
Mr. Brian Keith, Putnam County
Ms. Marlene Lagassé, Putnam County

OTHERS PRESENT:

Joe H. Pickens, J.D., Executive Secretary

The Budget Workshop was held in the Board Room at the Palatka Campus and began at 3:30 p.m.

Chairperson Bramlitt opened the workshop and recognized Al Little, Vice President for Finance and Administration/CFO.

V.P. Little referred to the information sent to the Trustees after the May 21st Budget Workshop. He has met with several Board members individually. The budget is prepared based on what the College Administration is proposing. He explained it would be helpful to know if the Board is considering different options in order to be prepared for the Board of Trustees Meeting to be held on June 11th.

President Pickens reminded the Board that this public meeting is the only time in which they can share their opinions with each other and to let the administration know the parameters in which they are willing to work in relation to generating revenue, particularly pertaining to an increase in tuition. If the majority is willing to support what has been proposed, then the proposed budget indicates what we would do with that revenue stream if it is authorized. If the revenue is smaller, then the College needs to react with another budget based on the smaller revenue and there would be cuts. He thanked everyone for their participation in the budget workshop held two weeks ago. He also expressed appreciation to those Board members who came in and met with V.P. Little. Trustee Hancock also met with V.P. Little and is up-to-date on what was presented at the May 21st Workshop which she could not attend.

Trustee Duren clarified this is the only time the Board members can express their opinions to one another prior to the next Trustee meeting. President Pickens said yes and stated that the proposed budget is based on a proposed revenue increase via a tuition increase.

Trustee Hancock shared that what stood out to her after meeting with V.P. Little are the

impacts to expenses and she agrees with the budget as proposed. She referenced the data on faculty salaries and how our College compares to peer colleges. She discussed the deficit in capital outlay which impacted expenses in 2012-13, increased FRS expenses in 2013-14, and the significant increase in health insurance. She discussed the only possible area of adjustment in expenses are increases in salary. She reiterated that she agrees with the proposed budget.

Trustee Davis referenced the data in the charts comparing our College to other colleges. President Pickens stated the Ad Hoc Committee Salary Study showed that the newest faculty are disproportionately low on the salary schedule. The main shortcoming is in years 1-10 relative to geographical and size peers. This was made a priority in a year when tuition was not raised and a two (2) year commitment was made to raise those salaries. Last year the Board voted to approve year one (1). The Board is being asked to approve year two (2) of the commitment this year.

Chairperson Bramlitt referenced the breakdown of the total number of employees and the Ad Hoc Committee Salary Study. V.P. Brown explained that the salary schedule has been based on the percentage raise given to all college employees. President Pickens stated that the vast majority of all new hires will fit into this category and the recommendation will help the College to be competitive. V.P. Brown explained the history of the increase for faculty who have a doctorate degree. Trustee Lagassé asked about recruiting and how many people on average apply. V.P. Brown replied that it depends on the subject area and time of year and that the College does advertise nationally.

V.P. Little stated that the proposed salary schedule will bring the College to where our peers were two (2) years ago and said that cost of living increases are critical. Trustee Davis asked from where does the money come and discussed the formula of legislative appropriations. Conversation followed regarding blanket raises, the need to strengthen where there is the most need, and the need for sustainability year in and year out.

V.P. Little agreed with the difficulties in trying to give increases with the struggle to provide funding. The Legislature is not being equitable – SJR State only received 0.8% increase. President Pickens stated that many colleges who raised tuition did receive an increased appropriation. St. Johns River State College did not raise tuition for two (2) years in a row and absorbed increased costs.

Trustee Davis stated that our instructors need help and other employees need a cost of living increase. He shared his thoughts regarding the proposed increases and stated that he likes the tier philosophy and authority left in the hands of people who know the needs. He is still struggling with 100% approval of the proposed budget; however he is strongly in favor of increases for the instructional and blue collar employees.

Trustee Lagassé asked for clarification on the amount for year two (2) committed to faculty.

Chairperson Bramlitt asked how the proposed budget would be affected if the Board does not increase tuition increase. V.P. Little clarified that if tuition is not increased, the College will not be able to give raises. It would still be possible to give a 3% non-

reoccurring increase to all employees and faculty (46 people) would receive the year two (2) commitment.

Trustee Hancock stated that a tuition increase was authorized in 2011-12. She asked is there a possibility that the Legislature could take away the ability to increase tuition. President Pickens stated it is technically possible, but unlikely.

By not raising tuition the previous two (2) years, that was revenue the College did not earn in 2011-12 or 2012-13. President Pickens stated that would have been ok if we had received a more healthy Legislative appropriation the last two (2) years. The environment was not created to fiscally allow that, yet it has been done for other colleges who raised tuition when ours did not. Trustee Hancock stated that the College demonstrated capacity to operate at the line with its ability to cut expenses and not taking advantage of additional revenue. President Pickens stated the College has spent two (2) years sustaining all it can and now it is not able to.

Trustee Davis recommended discussing each item separately – tuition increases, year two (2) of the Ad Hoc Committee recommendation, pay raises as presented, non-reoccurring merit pay, and addition of new positions.

V.P. Little responded to the suggestion that the College only give the 3% non-reoccurring pay by giving the employees' perspective.

Trustee Keith stated that originally he did not want to see tuition increase, but at only 5% per credit hour it is not much of a difference to the student.

Trustee Coleman stated that considering we "towed the line" as we were encouraged to do the past several years, he sees no way around not increasing tuition and approving the budget as proposed.

Trustee Duren stated that relationships are important and if a relationship is ignored eventually someone will get hurt and say it is time to move on. He does not want faculty and staff to feel that. He wants to do what is right for the people of the institution. He would like the Board to work through this and reach a consensus.

Trustee Lagassé stated it was her understanding that V.P. Little needs a general consensus today due to timelines. President Pickens stated that revenue is the lynch pin and how much, if at all, is the Board willing to raise tuition. Trustee Davis suggested that the Board give V.P. Little real guidance by each point.

V.P. Little explained that the administration has thought long and hard about the proposed budget and do not come with this recommendation lightly. This budget is being recommended because they absolutely believe it is what the College needs. They are trying to get personnel back to where they need to be because it is the people doing the work and it is really important to reward them.

Chairperson Bramlitt asked each Board member about increasing tuition. Each responded yes except Trustee Lagassé who is leaning in that direction and Trustee Bramlitt is still deciding. Trustee Duren stated he will do what the Chairperson wants.

Trustee Lagassé asked if the College will still be able to offer a \$10k degree and V.P. Brown responded yes.

Trustee Davis explained that the Governor asked him specifically about raising tuition and he replied that he will only vote for a tuition increase and salary increases in a rare instance. However, he was thinking of universities and is now comfortable voting for it under these set of circumstances.

President Pickens reiterated that the College has not raised tuition for two (2) years, hoping for a greater Legislative appropriation.

Chairperson Bramlitt recognized President Pickens' efforts in the past five (5) years for cutting personnel costs by attrition. As people retired, others took their job responsibilities while maintaining their current duties. Dr. Brown, Dr. Evans, and Dr. Lebesch are examples. Trustee Bramlitt stated that even though she does not agree with raising tuition, the College's budget has gotten so lean, there are not any other options.

It was the consensus of the Board to approve Year 2 of Ad Hoc Committee's recommendation.

Merit increases were discussed. President Pickens explained the process that was utilized. The department heads brought their initial list and the group of Vice Presidents cut the dollar amount by half. They allocated that amount on a pro rata basis and the Vice Presidents awarded the merit increases based on that information. This increase applies only to career service and lower level administrators. All of the Board was in consensus.

In regards to the recommendation of tiered salary increases, at least four Trustees were in agreement.

The Trustees then discussed the non-reoccurring 3% increase. Trustee Lagassé expressed concern regarding employees receiving this increase who are not performing as well as they should. V.P. Little stated they could review employees who had less than an average evaluation and not include them, but it would not be many. President Pickens explained the funding source for this recommended increase. In the past few years administration expected a deficit, but it did not happen, so it is proposed to use some of that money that was going to transfer in to the fund balance and give it back to the employees who helped save that money but did not get a raise. Trustee Davis explained that what works in other venues is that the Board allocates a certain amount and lets leadership decide how to spend it, such as a one-time non-reoccurring amount. President Pickens stated it could also be tiered so that the lower paid employees get a higher percentage. It was the consensus of the Board to agree to the non-reoccurring 3% increase.

In regards to adding the proposed new positions, all of the Trustees were in agreement.

Denise informed the new Board members that a copy of President Pickens' contract was available. She also shared the document from the Inspector General's office

containing information on evaluating the President.

Chairperson Bramlitt adjourned the workshop at 5:25 p.m.