

College of Eastern Idaho  
Board of Trustees Finance Committee  
Meeting Minutes  
October 8<sup>th</sup>, 2020 – 3:30PM

**Present:**

Carrie Scheid, Board of Trustees Treasurer, Chair  
Becky Holzemer  
Ken Taylor  
Lyndsay Goody  
Mary Lynn Hartwell  
Byron Miles, ex-officio

**Absent:**

Aaron Johnson

**Guests:**

Park Price, Board of Trustees Chair  
Don Bourne, Controller  
Dustin Nielson, Budget Director  
Rick Aman, President of CEI

**Chairman Scheid called the meeting to order at 3:31PM.**

**No public comment**

**APPROVAL OF AGENDA**

**M/S Taylor/Hartwell to approve the October meeting agenda. *Motion passes unanimously.***

**APPROVAL OF MINUTES**

Minutes from the previous meeting held on August 6, 2020 were presented to the Committee.

**M/S Taylor/Hartwell, to approve the August minutes as amended. *Motion passes unanimously.***

**PUBLIC COMMENT**

There was no public comment.

**REVIEW OF MONTHLY FINANCIALS**

Don Bourne, the CEI Controller, reviewed the August Monthly Financials with the Committee. As of August 2020, we have received 77% of our budgeted revenue and are at 17% of our budgeted expenses; we are on target so far since we are 17% through the year as of August.

There were a few questions regarding different sections and the notes that went along with them. Under 'General Funds Revenues – Tuition and Fees' there was a question regarding a note regarding the amount of \$128,078; this was explained by Dustin Nielson, CEI's Budget Director, and Bourne as revenue brought in during the last fiscal year for specific course fees. This carryover entry would allow the budget holders the authorization to spend those funds during this fiscal year. The Committee requested that this be reworked to help prevent confusion in future monthly financials. Another question was posed regarding why the payroll paid during July for the June pay period had not been reversed into the prior year; Bourne explained that payroll will be reversed at the end of the year to help provide a more accurate financial presentation. By not reversing the payroll it shows a more accurate estimate of payroll expenses and prevents CEI from showing favorable for that expense for the duration of the year.

A question was presented on another note under 'General Fund Expenses – Operating Expenses' regarding \$114K for Birthing Simulators. Bourne explained that this money came from CTE distributions from the previous fiscal year, when the simulators were ordered, but due to delays in shipment, the money had to carryover to this fiscal year so they could be paid upon delivery. There was also further discussion on how to classify this expense, whether it should be under operating expenses or capital outlay expenses.

Committee member Mary Lynn Hartwell enquired about the current layout of the monthly financials, specifically why CEI doesn't present an operating budget. CEI staff explained that the Year to Date (YTD) column does show the actual budget as of the month they are reviewing, but for how the College operates; a cash flow budget, which is what is presented, works best. There was further discussion on the layout and presentation of the monthly financials. Recommendations were made from Committee members from what they would like to see going forward, such as section heading changes, the possibility of adding a YTD column that compares this fiscal year to last, and other changes they would like to see in future renditions of the financials. There was discussion regarding the section 'Other Fund Carry-over – FY 2018 Unexpended Fund Balance' regarding why it still is on this current year's budget. After some discussion, the Committee decided they would like it to be removed along with the 'One-Time Expenses' under section 'Other Fund Expenditures' from future financial statements.

Bourne and the Committee moved through the rest of the financials. Bourne reviewed the money that the College has received and is planning to receive from the CARES Act. Specifically what was distributed to students and what was specified for the College to spend; on the September monthly financials we should see \$492K that was not budgeted due to this funding.

Bourne reviewed the WTCE budget prepared by Michelle Holt, the Executive Director of Workforce and Continuing Education. They have received the CTE allocation at the start of the year for \$191K and so far WTCE is doing well with their revenues: 25% of their projected budget and only at 15% of their projected expenses YTD. There are still pending Accounts Receivable Revenue for WTCE for different grants, contract training, events, etc.

Bourne quickly reviewed the Bank Balance Report with the group, which reflects the account numbers through the end of September. An additional chart was also presented that was put together by Malcolm Guess, CEI's Assistant Controller. This line graph shows the cash in the different bank accounts from July 2018 to September 2020, specifically reflecting how CEI has a larger amount of money at the start of each year and how it is spent by roughly a million dollars each month.

## **TUITION ANALYSIS**

This was a continued discussion started during the August Finance Committee meeting. Byron Miles, CEI's Vice President of Finance and Administration, started the meeting by prefacing on why the CEI Administration believe this topic is important and stressed that they want to hear all of the Committee's opinions.

The problem described to the Committee was that State general funding allocations have been permanently reduced by 7%, or \$973,265, from CEI's budget, our main revenue source, for FY 2021. In FY 2022, CEI will also have to absorb approximately \$320,000 in increased health insurance and other benefit costs; these increases were previously covered by the State. Employees have forgone Change in Employee Compensation (CEC) during FY 2020 and will likely have to forgo salary increases for a second year in a row. To help mitigate these projected deficits, for FY 2021 steps have already been taken to

reduce the budget by postponing contributions to the Building Reserve fund, reducing vacant positions, reducing travel, and forgoing CEC increases for staff. For FY 2022, additional steps will need to be taken to help mitigate the loss of part of the State Allocation and continue to grow CEI programs and curriculum.

The proposal presented was that CEI considered increasing the tuition 7%, which would equate to roughly \$9 extra per credit, totally to \$138 a course. Miles displayed the math to the Committee, noting that we estimate students take about 9 credits a semester, which would be an additional \$81 a semester, totaling for an additional \$162 a year – bringing an estimated additional \$238,617 to CEI to help cover costs of additional faculty to help programs grow. This would be effective for Fall 2021 if approved.

The Committee posed a question about how many students receive financial aid, Pell grants, posed a question and scholarships versus how many pay out of pocket. CEI staff were unaware at that moment about the specific breakdown, but said they would get the numbers for the Committee if the discussion continues into the November meeting.

Miles presented to the Committee a breakdown of the revenues for CEI and the different colleges around the state. CEI receives roughly 71% of its revenue from State allocations, 23% from student tuition and fees, and 6% from property taxes. Other colleges receive about 50% or less for State funding and get more either from their tuition and fees, or their property taxes. Currently for CEI of the three legs of revenue that it currently has, we only have control over one of the legs – tuition and fees. With the forecasted future holdbacks for higher education for state funding, it doesn't look great for CEI revenue sources and we have to look at what we can do to with the one section we can control.

At this point in the discussion, the floor was opened to hear questions and statements from the Committee members. Committee member Ken Taylor wanted to know why there has not been more press or news coverage regarding this if the State is going to cut education budgets when the state is projecting revenues higher than they assumed. CEI staff explained since CEI budgets are prepared and approved early in the year by the legislator and JFAC, we do not know why they haven't restored budgets like they did for K-12. Park Price, Chairmen of the Board of Trustees, pointed out that a lot of four-year colleges are hurting due to the pandemic and our enrollments have been up. Price also mentioned that we did receive money from the CARES Act and that could help offset any deficits. Miles explained that the money from the CARES Act has strings attached to how we can spend it and this is only one time money and will not be a long-term solution.

Taylor reiterated the points he made from the last Committee meeting on this topic. He is in support of increases in the future but due to this being a hard year overall, for most people, this is not the time for an increase. We should absorb the costs of any deficit with our extra fund balance from previous years. We can currently afford the impact and we need to be continually cautious of how these things could affect our local community. Committee member Becky Holzemer agreed this was not the time for a tuition increase due to the hardship caused by COVID-19. Hartwell also agreed with the statements made by Taylor and said she would like to see a ten-year projection of what is expected for CEI. Committee member Lyndsay Goody also agreed with the statements made by Hartwell and Taylor. Finance Committee Chairman Carrie Scheid presented what Johnson sent to her regarding his thoughts since he had to be absent. He is supportive of an increase stating if we wait for an increase too long we will have to do a larger hike in the future instead of incremental increases now. Scheid then presented her thoughts; she is not currently supportive of an increase in the wake of the negative press from the

“White Privilege Assignment” and we should explore the possibilities of endowment chairs and other sources of revenue in the community. She would be supportive of an increase in 2022 as that would be five years since CEI started as long as the economy is doing well. President Rick Aman joined the meeting at this point and expressed to the Committee there was still time to give thought to the proposal. Scheid and Price agreed there was still time to make a case but judgment will be reserved until the Board of Trustees meeting.

**NOTE:** On October 15<sup>th</sup> after the Board of Trustees meeting after Aman presented the white paper to the Board and discussion afterwards, the CEI Administration and leadership team agreed to withdraw their proposal for the Board to consider a tuition increase. While the demand for additional full-time faculty and support staff positions is still felt, the leadership team believes it’s important to carry out what they believe the mission of CEI is. We hope that money will be restored by the State but requests may be made of the Board to release money from some of the reserves to help towards growth opportunities.

#### **RESOLUTION 2020 – AMENDED PURCHASING AND PROCUREMENT POLICY**

Sean Colletii, the lawyer for CEI, initiated this Resolution seeing it necessary for CEI to update our purchasing policy. Colletii has reviewed the State purchasing rules and has written this policy so that it is consistent with the State rules and helps clarify where things were grey previously.

There was light discussion on different points of the policy. Clarification is needed under point ‘E’ since it is unclear currently and under point ‘F’ in regards to adding Idaho code to that section. Overall, the Committee approved the layout and the content of the Resolution.

#### **AUDIT UPDATE**

The Business Office is working with Wipfli LLP and we are just presenting the progress so far. Some comments about grammar, spelling, and some different numbers. Questions were directed to be sent to Miles so they could be updated in the future versions of the audit.

**The meeting concluded at 5:20 PM – The next Committee meeting will be held on November 5<sup>th</sup>, 2020 at 3:30 PM via Zoom Conference Call / in Building 3 room 310A.**