MINUTES
ADAMS STATE COLLEGE BOARD OF TRUSTEES
TUESDAY, JULY 8, 2003
ADAMS STATE COLLEGE
ALAMOSA CO

The Trustees reconvened in regular session on Tuesday, July 8, 2003 at the College Center at Adams State College. Chairman Lamm called the meeting to order at 10:35 a.m.

V. INFORMATION ITEMS

A. Overview of ASC Academic Programs

Provost Svaldi gave an overview of the Office of Academic Affairs and its responsibilities. He mentioned that many of these topics would be discussed in greater detail as the year progresses.

1. Academic Programs and Majors

The college offers four masters degrees in Art, Education, EPLS and Counselor Education. Minors and emphases are also offered. It is important to note that only those majors that are approved by CCHE can be offered. A new major is in the development stages and will be included as an information item at a future board meeting. It is an RN to a BSN cooperative program designed by Trinidad State College as a four-year degree program for Valley nurses. The previous board approved it and it is currently at CCHE. The four most popular majors are Education, Psychology, Business and Biology. Provost Svaldi reported that about 60% of ASC students are seeking some form of teacher licensure.

2. Programs of Excellence

Four programs were nominated and approved by CCHE as Programs of Excellence. Successful applicants receive a grant that is awarded for a limited period of time. The Program of Excellence awards are in Business, Biology, Music and the most recent is the master’s in Counselor Education. Provost Svaldi reported that Adams State is second only to Ft. Lewis College in terms of the number of Programs of Excellence in the state.

A copy of a letter from one of the master’s graduates was presented. This student would not have been able to complete a master’s degree without the opportunity from the off-campus program. Tuition was paid from resources from the access grant. Provost Svaldi mentioned that this is the driver behind the college’s move to off-campus programs.
The Counselor Education and Teacher Education Programs are growing in enrollment. Adams State has been the only state college with graduate authority resulting in the development of collaborative programs with Mesa, USC, and Ft. Lewis College. There are over 800 graduate students enrolled around the state in the program along with our teacher education master’s degrees. A brief analysis of last year’s possible income shows the college taking in about $500,000 in tuition and fees and the institution would have been eligible for about another $1 million in state monies if the higher education budget was in better condition and we received enrollment funding.

3. RURAL EDUCATION ACCESS PROGRAM (REAP)

Provost Svaldi reported that we currently have approximately 100 other undergraduate students enrolled in bachelor’s programs in teacher education and business at three community colleges in southeastern Colorado. Adams State was the first institution to successfully graduate anyone in the REAP program.

4. EETPP

The Elementary Education Teacher Preparation Program is an approved state program. There are 18 undergraduate students currently enrolled in the Douglas County School District, and this is the second year of that program.

5. Cash-Funded Instruction Programs

Provost Svaldi explained cash funded instruction and that the income comes from tuition and fees paid for by the students. A map demonstrating where this type of instruction was offered in the fall of 2000 to spring 2003 was presented. Provost Svaldi reported that Extended Studies has delivered instruction to literally every county in Colorado. Most of delivery is through correspondence instruction, but some is face-to-face and via school districts through Boards of Cooperative Services (BOCES). These are groups of school districts with a mission of providing professional development to their in-service teachers and counselors through higher education partnering. There are about 18,500 students a year and an average of 900 courses offered. Revenue is about $1,982,000 and the average profit is about $446,000. Of that revenue, 88% comes from graduate level professional development courses.

Interim President Halgren added that the network that has evolved from this program is as strong as he has seen in his career in higher education. Representatives from ASC have great rapport with the districts in designing custom programs that meet the needs of the district. It is a new model and one that gives ASC a competitive advantage.
Provost Svaldi asked the Board to let him know if there are other areas they want
to pursue in greater depth. Interim President Halgren plans to invite the Director
of Extended Studies to a future board meeting as well as some of the centers of
excellence program directors.

B. **ASC Budget Overview/Bond Refinancing**

Vice President Mansheim distributed a chart showing how higher education is funded
nationally and in Colorado. The chart shows how tuition goes from the students in the
form of cash revenue to the institution and back to the students as a credit in the form of
scholarships and waivers. Two changes since the Governmental Accounting Standards
Board (GASB) 34 & 35 came into effect in fiscal year 2002 were highlighted. Another
change is that depreciation is recorded on capital assets with a useful life, which does not
occur at other state agencies.

Vice President Mansheim distributed the budget rewrite that was submitted and approved
by the state college board of trustees at their last meeting. The schedules that are
attached are for the board’s perusal and will be discussed in more detail at another
meeting. The general fund budget consists of tuition and fees revenue and state
appropriation, but does not include auxiliary enterprise figures. The appropriated
program revenues and the general fund piece, can be deceiving because of discussions
about budget rescissions in the state, and fiscal year 2002-2003 shows some of that
rescission, however, in looking 2004 operating line, the figure is $10.3 million. In the
beginning of FY 2002, the appropriation began at $10,735,900. One of the first cuts was
$724,000 in FY 2002. In FY 2003, there was an additional $11,000 in a furlough
restriction, $391,000 for the payday shift, which brought it down to $9.6 million. In FY
2004, the furlough restriction and the payday shift were put back because they were a
one-time budget reduction. The dissolution of the state colleges brought in about
$589,000, with associated expenses of which the governing board budget takes up a great
deal. In 2004, another $283,000 was received bringing the total to $10,300,000. Vice
President Mansheim noted that, while it may look like we had an increase from 2003 to
2004, in actuality it is comprised of over $1 million in cuts. The apparent increase is
from new money coming in for independent governance from the former governing
board.

Some of the major changes from 2003 to 2004 were highlighted in the budget reduction
plan. Footnote A shows an increase in instructional salaries of $147,000 from 2003 to
2004. The $330,000 comes from eliminating the dean positions and moving them out of
academic support into instruction and back into the classroom. The corresponding
reduction can be seen in the academic support area. While moving the existing dean’s
salaries into that line increased the $330,000, there is a reduction of $300,000 from
eliminating or holding positions open. As part of the budget reduction, 24 positions
across campus have been eliminated or held vacant. That was a $300,000 savings in the
instruction line including things like an increase in PERA contribution in which costs
increased, and health, life and dental is projected to go up 20% in premium and an
increase in workmen’s compensation. The health, life and dental workmen’s compensation go up in all FTE lines across the board.

Vice President Mansheim noted another area of significant change, which is in Footnote D, Academic Support. The primary factor is the deans’ salaries being moved out plus a consolidation of the CIO director and the facilities service director of which a portion of that goes toward academic support. There is also a reduction in the library budget of $15,000. The only other is a $600,000 increase in institutional support and that is primarily the new independent governance costs. Those expenses in revenue were previously shown under the state colleges system rather than at the institution.

In terms of the O&M support, (operation and maintenance), $138,000 was cut but there was an increase in property insurance of $100,000 plus utilities are projecting a 25% increase in natural gas costs which is another $70,000.

Vice President Mansheim reported on where the college is for 2004. The state revenue appropriation is $10,300,000, tuition and fees is $5,500,000 and other revenue, which is primarily indirect cost recovery from administering federal programs, is $400,000. The $30,000 in the previous years was $267,370, which were transfers from Extended Studies and they are auxiliary programs. Vice President Mansheim noted that ASC has the benefit of being able to make that transfer. A minimum amount of transfer is being budgeted in the 2004 budget and $150,000 is the projected roll-forward from the prior year. In closing the books for 2003, it appears that amount will be exceeded. The only reserve is the $150,000 in the general fund thanks to Extended Studies.

Vice President Mansheim will meet with each Trustee to further explain the budget.

Discussion followed on the federal indirect rate. The maximum rate is generally 8% and will be written into new grants. Vice President Mansheim mentioned two positions that are new to this year’s budget; a half-time grant-writing position and a director of alumni association.

Discussion followed on the governor’s opportunity scholarships. There was $224,000 awarded in scholarships in 2003. Money had to be reverted back to the state, which is an issue the trustees will need to address.

Interim President Halgren added that the college has been reviewing financial aid and scholarships in terms of how they are used and distributed including the GOSS. The timing is good as the college is looking for a new financial aid director. Vice President Mansheim put together a spreadsheet showing where the institution is. The next step is arriving at a philosophy and developing policy for the future. Interim President Halgren will be discussing with the Foundation ways in which they can help the institution through a financial aid problem this year.

Trustee Lamm explained the GOSS scholarship program. It is full-ride scholarship with monies coming from the state. The program is designed for students whose families have
never gone to college. The scholarship includes books and tuition and would benefit valley students that do not have an opportunity otherwise to attend college. Monies are tight currently, but the program is a good one.

Vice President Mansheim mentioned that he is working on a truth in budgeting philosophy to improve communication between the student services offices. The budget will work towards building a reserve out of the roll forward.

Interim President Halgren mentioned that some systems have mandatory reserves, which the board may want to consider. One of the institution’s goals is to build back the reserve, and he acknowledged Vice President Mansheim for putting together a clean budget. Vice President Mansheim mentioned that the budget is built off stable enrollment. Roll forward for 2003 is looking better than projected because summer enrollment is up.

Vice President Mansheim handed out a trend financial that was developed for the state colleges based on the fact that they were dissolving. The first page includes capital construction, auxiliaries and everything is rolled up into the income statement. The second page is everything except physical plant, which then backs out all the capital construction expenditure. The 3rd page is the education general and that relates back to the budget you just looked at. The plant statement, auxiliary statement and the restricted funds are state funds or federal or private grants that have been restricted. The consolidated balance sheet gives an idea of the previous system of accounting and now with GASBY34-35 higher ed is going through a consolidated system that looks similar to business financials. Vice President Mansheim pointed out the 1100 instruction codes, which are NACUBO (National Association of University and College Business Officers) categories that are standardized reporting categories for all institutions across the country.

Vice President Mansheim distributed a proposal to refinance auxiliary bonds. He mentioned that the bulk of the institutions bonds were issued in 1994 and are 25-year bonds expiring in 2019. Rates vary from 3.3% to 5.75% with an average of 5.5%. They are collateralized with a lien on the net revenue from the auxiliary operation (dormitories, cafeteria, and buildings in the college center). The bonds market is at a 40-year low and we have done projections based on our outstanding balance of $9.5 million. If we acquire another $2.5 million in new money to finance approximately $12 million, we could not only lower our debt service but also realize the additional monies to do upgrades and not extend the terms of the bonds. Hogan and Hartson have been selected as the bond counsel. RFP’s for the underwriter have been submitted.

The facility master plan needs to be updated. The cost is between $40,000-$50,000 based on Western State’s cost. This is an action item, which requires approval by the Board and CCHE.

A decision will need to be made on the $2.5 million in terms of whether the amount is sufficient and whether use of the money is appropriate. Trustee Walters raised the question of whether the plan can be done in-house. Vice President Mansheim will
discuss this further when he meets with trustees about the budget. The academic master plan also needs updating because space allocation needs to be reviewed.

C. ASC Strategic Plan

Interim President Halgren explained the strategic plan and how it came about. Decisions had to be made because of a $700,000+ budget reduction, which ended up being closer to $1 million. Extreme involvement from the campus community in its development was received. The plan includes a scan of the environment in which the campus is currently working on including the state economy, the changes in governance, and all the factors that impact the institution. There is a section that deals with planning principles and the values that will drive the process according to what the campus sees as important. The planning process itself ultimately rested with the Cabinet. The draft plan was developed and contains a section on best practices and values and those evolved from the dialog with the college community. There are specific action items that will form the basis for an institutional agenda for the upcoming months. Interim President Halgren encouraged reading through the document and talking about it in more detail at a later time. The document will be reviewed regularly by the Cabinet for implementation and progress, and the results will be shared with the board as the year progresses.

D. Regional Education Provider (REP)

Interim President Halgren explained the concept of REP. It was initiated by the state colleges a couple of years ago and was the result of a NORED study sponsored by CCHE. The issue of the state colleges not having a positive and understood identity was imbedded in the report thus came the concept of the regional education provider. Previously, the state colleges were primarily viewed as institutions with low admission standards. REP provides a more positive identity and that the activities need to be centered on serving the region in which it is located, the San Luis Valley, though it is not the only area it will serve.

The community views ASC as the educational, cultural and economic development resource for the San Luis Valley and beyond. Interim President Halgren referred the Board to REP section of the agenda notebook to a map with the areas ASC has responsibility to serve. The area ranges from Wolf Creek Pass to the eastern border of Colorado. CCHE has approved the policy on the regional education provider, and Adams State’s charge is to begin fully implementing the program this coming year. An important element is that Adams State College is responsible for working with other providers if we cannot provide the needed courses.
E. Cost Study/Base Funding

Interim President Halgren gave a history of the cost study and base funding/floor funding. The presentation included an overview of HB 1165 which gave Metropolitan State independence from the state college system. In the negotiations, a cost study was built into the legislation to determine if there was a need for base funding for the three smaller state colleges. The study was done using outside consultants and OSC staff and it showed that there was up to a $26.8 million needed in the state colleges. The trustees of the state colleges recommended to CCHE $14.65 million and CCHE approved $7.4 million over two years. The Governor supported the request and built it into the budget. Payment was deferred for one year because a considerable amount of rescission relief had been received for the state college system thanks to JBC and CCHE. The $7.4 million is still on the table and needs to be part of the legislative agenda for the year. It will be important to coordinate with Western State and Mesa State in working with the legislature.

It was suggested that Trustee Cavanaugh be on one of the Board agendas to talk about perceptions of state fiscal planning.

F. Reorganization

Interim President Halgren reported that one of the cases built into the strategic plan was a review of the structure of the institution. Budget and reorganization were done simultaneously. There was a tremendous amount of interest in the reorganization aspect and it continues to be an issue of discussion. The primary purpose was cost savings and to create a structure where there was more synergy between areas.

The changes in the first part of the reorganization are basically that all aspects of institutional advancement now report to the president. Enrollment management will report to the Assistant Provost for Student Services. Strategic enrollment management is extremely important and part of the challenge is to have everyone on campus embrace the concept that enrollment management is everyone’s responsibility. Linkages between the academic departments, graduate education and the Center for Professional Development are being pursued and hopefully will be resolved this fall. Duplication of services is sometimes causing customer relation problems in particular in the areas of financial aid, registration, and business office operations, and a way to deal with these issues is needed. The reorganization will be designed to better serve off-campus students also.

Four academic dean positions have been eliminated. Those general fund savings are creating an assistant provost for academic affairs position to give Provost Svaldi some assistance. As the academic agenda items are developed, help will also be needed in the Finance and Administration area. Interim President Halgren mentioned that the roles of the vice presidents and the president would change with the appointment of this board, as they will need to be in Denver more often.
The new organizational chart was reviewed. The gray area is where work is being done to get some synergy and coordination between the academic departments, graduate studies, extended studies and the center for professional development and continuing education. Lines are needed to coordinate the admissions, financial aid, records and registrar areas. The gray section represents those primary areas that implement the regional education provider mission. The most contentious issue has been the organization of the departments. The first draft has been put on hold till fall to open up more involvement and open discussion. The goal is to have the remaining pieces completed by the end of fall term.

VI.  ACTION ITEMS

1. **Early Separation Incentive Plan**

   Trustee Scoggin moved that the recommendation for approval of the early separation incentive plan for tenured faculty and classified staff be adopted. The motion was seconded and passed.

   ASC staff will provide additional background for information purposes only.

2. **Fees**

   Vice President Mansheim mentioned that the art graphics lab fee was inadvertently left off the fees schedule that was submitted to the state colleges board. The fee had to be adjusted as the expenditure far exceeded the budgeted amount. Trustee Ford moved that the technical correction to the student fee schedule be approved as presented. Motion seconded and passed.

V.  ADJOURNMENT

   Chairman Lamm expressed appreciation in behalf of the board to Lee and Patti and ASC staff for putting the board meeting together.

   Tim Walters mentioned the former board had interaction with FACT, which was the faculty representation to the Board. The Faculty Senate has assumed that position and the Board will have interaction with Faculty Senate at the September meeting.

   Trustee Ford asked for clarification of the revisions to the meeting calendar. The proposal calls for the February, March and April meetings in Denver. Chairman Lamm verified that to be correct and stated that if there was any reason to meet elsewhere, the Board could discuss it and make any changes at that time. It was confirmed that the September meeting would be September 4 & 5 at Adams State College.

   The meeting adjourned at 12:10 p.m.