



**Governing Board's Finance and Audit Committee
Meeting Notice and Agenda***
Friday, October 23, 2020
9:00am
Virtual Meeting#

General Matters

- | | | |
|------------------|----------------|--------|
| 1. Call to Order | Tracy Nuckolls | 9:00am |
|------------------|----------------|--------|

Action Items

- | | | |
|---|---------------------------------|--------|
| 2. Approval of Minutes from August 21, 2020 | Tracy Nuckolls | 9:05am |
| 3. Public Safety Personnel Retirement System Funding Policy | David Bea, Michelle Nieuwenhuis | 9:10am |

Reports and Feedback

- | | | |
|--|-------------|---------|
| 4. Update from Educational Services and Institutional Integrity | Bruce Moses | 9:25am |
| a. Department Structure | | |
| b. Enterprise Risk Management | | |
| 5. Workforce Update | Ian Roark | 10:00am |
| a. Public/Private Partnerships | | |
| b. Prior Learning Assessment | | |
| 6. CFO Update | David Bea | 10:30am |
| a. Revenue Bonds | | |
| b. Fall 2020 Budget Update | | |
| c. Budget Development Calendar | | |
| d. Fourth Quarterly Report on FY20 Enrollment Revitalization Funds | | |

Effectiveness Discussion

Information Items

- | |
|---------------------------------|
| 7. Future Agenda Items |
| a. Chancellor Update (December) |
| b. Internal Audit (December) |
| c. Marketing |
| d. Enrollment Management |

Adjournment

Next Meeting

December 11, 2020
Zoom Webinar

***Option to recess into executive session** – Pursuant to A.R.S. 38-431.03(A)(2) the Committee may vote to go into executive session for discussion or consideration of 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.

****Additional Information** – Additional information about the above agenda items is available for review on the College's [website](#).

**The Committee reserves the right to change the order of agenda items.

**To request a reasonable accommodation for individuals with disabilities, a minimum of five (5) business days before the event is requested. Contact Phone: (520) 206-4539 Fax: (520) 206-4567.

Members of the Committee may participate by telephone, video, or internet conferencing.

#VIRTUAL MEETING

Following the guidance of public health officials, the College has closed its facilities to the public and allows only restricted access for essential personnel to promote social distancing and limit the spread of the coronavirus. Accordingly, the Finance and Audit Committee will conduct this meeting through remote technology only. Members of the public interested in following the proceedings may do so via Zoom webinar.

Please click the link below to join the webinar:

<https://pima.zoom.us/s/99305279624>

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Webinar ID: 993 0527 9624



Governing Board's Finance and Audit Committee

Friday, August 21, 2020

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Scott Odom, Ken Marcus, Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Jesus Manzanedo, Clarence Vatne, Maria Garcia

Unable to Attend:

Adrienne Regrutto

Guests:

John Utter, RBC; Vice Chancellor Nic Richmond; General Counsel Jeff Silvyn; Assistant Vice Chancellor Raj Murthy; Executive Director Denise Morrison

General Matters

1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:04am, noting a quorum was met.

Action Items

2. Approval of Minutes from June 19, 2020

Chair Nuckolls asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

Motion No. 202008-01: Approve Minutes from June 19, 2020

First: Ken Marcus

Second: Maria Garcia

Vote: Motion passed unanimously (Nuckolls, Clinco, Odom, Marcus, Manzanedo, Garcia voting in favor)

Motion Carried.

Reports and Feedback

3. Investment Update (John Utter, RBC)

Mr. Clarence Vatne and Mr. Ben Tuchi joined the meeting in progress.

Mr. John Utter from RBC Global Asset Management began with an update on the market conditions since the rapid changes in March and April. He described the current yields and moved into the Ultra Short Portfolio. As far as the market overview, the Gross Domestic Product is anticipated to

fall at least 6%, which is lower than previous estimates of an 8% decrease because of COVID-19, and he described the actions taken by the federal government and the impact on the bond market.

To date, the combined total of federal stimulus as a result of COVID-19 is \$2.14 trillion compared with 2008-2009 stimulus packages totaling \$1.64 trillion. Chair Nuckolls inquired about the likelihood of inflation due to the amount of money being printed as part of the most recent stimulus. Mr. Utter feels the federal government will see inflation as a positive sign.

Unemployment reported through June 2020 was 11.1%, but it is likely closer to 14%, and uncertainty remains high. Recovery will be uneven and gradual based on three factors: incremental re-opening, limited demand, and limited supply. Mr. Utter continued with an update on the credit market environment, reviewing the current state and the strategies for positioning. He concluded with the overall outlook for 2020 and the resulting effects on the College's investment portfolio.

Mr. Scott Odom asked about the expectation for long-term rates and yield curves versus the allocation of College investments. Mr. Utter indicated the strategies utilized to determine these allocations within the various sectors.

4. Enrollment Trends (Nic Richmond)

Dr. Nic Richmond, the College's Chief Strategist, joined to provide an update on enrollment trends since the College shifted operations as a result of COVID-19. Local data and national trends were used to anticipate Fall enrollment. Dr. Richmond then discussed the College's Fall enrollment in comparison to prior years. For Pima, headcount, enrollment, and Full Time Student Equivalents (FTSE) are down. [NOTE: headcount is each registered student counted once; enrollment is duplicated, so if a student is taking three classes, they are counted three times.]

Online headcount and enrollment are both up, continuing a trend seen in the last five years. Enrollment is down in areas where on-site activities are essential to the learning environment, and there is a slight increase in enrollment for Business and Information Technology.

Demographic data also demonstrate that some populations have seen a more dramatic decrease in enrollment, providing the College an opportunity to design strategies to better support these populations. While overall headcount is down about 15%, there is a decline of approximately 31% in new-to-higher education students.

Mr. Ben Tuchi inquired about the difference in enrollment between male and female students, and Dr. Richmond will work with her team to analyze the data. Mr. Tuchi also asked about trends in Financial Aid, and Dr. Richmond will collect that information and provide an update to this Committee. Ms. Maria Garcia asked about how the data will inform enrollment planning; Dr. Richmond described a collaborative group working on this topic, as well as the work of the Enrollment Management department.

Dr. David Bea described two recent initiatives approved by the Governing Board: 1.) to offer tuition-free Student Success (STU) courses, and 2.) to offer a \$100 rebate to students who persist through mid-November in three or more credits. Dr. Richmond noted the persistence and retention data associated with STU classes. Additionally, the College is proactively calling students who, in the past, would have been dropped for non-payment. Late-start classes may provide an opportunity to recover some enrollment.

Mr. Jesus Manzanedo asked how PCC compares with the other Arizona community colleges; the enrollment across the state is down similarly to national trends, ranging from 10%-30%. Chair Nuckolls asked about declines in hands-on technical programs, and Dr. Richmond stated there is an approximately 10% decrease.

5. Enterprise Risk Management Update (David Bea, Jeff Silvyn)

Mr. Jeff Silvyn described a change in the College's administrative structure, with Dr. Bruce Moses moving into the role of Vice Chancellor for Educational Services and Institutional Integrity. He will maintain his current reporting departments and will fold in the Enterprise Risk Management (ERM) function to better align compliance and the analysis of risk. The Director of ERM is currently posted for recruitment, and Dr. Moses will be invited to the October meeting of this Committee.

6. Internal Audit Update (Jeff Silvyn)

Mr. Silvyn continued with an update on Internal Audit, provided on behalf of Internal Auditor Jose Saldamando, who was not able to attend today's meeting. Mr. Silvyn noted significant progress in completing additional audits, and the majority should be closed out within this calendar year. The completion of these audits coincides with the timeframe in which the Office of the Auditor General is conducting their review in advance of the issuance of the Single Audit.

7. Information Technology and HIPAA (Raj Murthy, Denise Morrison)

Ms. Denise Morrison, Executive Director of the Employee Service Center (ESC), and her team are working with the Information Technology (IT) department to define clear processes related to the Health Insurance Portability and Accountability Act (HIPAA). She described the security of HIPAA information and the technology controls implemented to ensure past employees have zero access to these systems. They are working with both the Internal Auditor and the Office of the Auditor General to ensure procedures reflect appropriate requirements and are reviewed on a scheduled basis.

Mr. Silvyn noted that there is a checklist for employees leaving the College to ensure termination of access, return of property, etc. Mr. Manzanedo asked about downloading HIPAA information to personal devices as employees are working from home.

Related to COVID-19, Mr. Ken Marcus asked about the reporting process for an employee or student and the transmission of data to the Centers for Disease Control and Prevention (CDC). Contact tracing for employees is completed through the ESC, and Environmental Health & Safety is notified of the incident, but not of personal details. Mr. Silvyn stated that the County indicated the reporting

requirements are met through the individual who tested positive and the lab who administered the test.

Chair Nuckolls inquired about the current audit cycle and the focus on information technology and the retention of institutional knowledge. Mr. Raj Murthy described the College's ticketing system, which will document change management.

8. CFO Update (David Bea)

The Annual Reports to the Joint Committee on Capital Review for the Revenue Bonds, Series 2019 and the Aviation Technology Center were provided as information. There were no questions on these items.

The publicity pamphlet for Proposition 481 is almost complete, and Dr. Bea described the current work by an external group in support of the measure; there is not currently a known opposition group.

The classification and compensation study is at the beginning stages, and Human Resources has sent initial communications to the College. This will likely be a multi-year initiative.

Finally, there are new requirements to establish a College funding policy for the Public Safety Personnel Retirement System (PSPRS), the retirement program for the College's police officers. Dr. Bea asked for a member of this Committee with pension-funding experience to join a small College committee to formalize this recommendation in advance of a Board action. Mr. Tuchi has great experience in this area and will serve on the group, as will Chair Nuckolls.

Chair Nuckolls indicated that Adrianne Regrutto has notified him that she will need to be stepping down from this Committee. Suggestions for a new member with an investment background can be sent to the Office of Finance and Administration. There will also be a review of terms for Committee members to ensure continuity of expertise and stability.

Information Items

9. Future Agenda Items

- a. Workforce Update (October)
- b. Prior Learning Assessment (October)
- c. Academic Excellence and Institutional Integrity (October)
- d. Enterprise Risk Management (October)
- e. Internal Audit (December)
- f. Chancellor Update (December)
- g. Marketing
- h. Enrollment Management

Adjournment

The meeting concluded at 10:55am.

Next Meeting:

October 23, 2020

Virtual Meeting - Zoom Webinar

Public Safety Personnel Retirement System (PSPRS) Funding Goal Recommendation to the Finance and Audit Committee:

At the Friday, August 21, 2020 Finance and Audit Committee meeting, Dr. Bea shared that the College needs to establish a PSPRS funding policy. Arizona Revised Statute §38-863 requires the College to disclose its PSPRS funding ratio on its public website, and the related Statute §38-863.01 requires the Governing Board to adopt a PSPRS pension funding policy. A group of College employees would be meeting to propose a funding goal, and Dr. Bea called for interested Committee members to assist in developing the recommendation. Two members of the Finance and Audit Committee expressed interest in participating.

The initial meeting was held on October 8, 2020 and consisted of the following:

- Executive Vice Chancellor for Finance and Administration
- Assistant Vice Chancellor for Finance
- Assistant Vice Chancellor for Human Resources
- Executive Director of Employee Service Center
- Police Commander
- Director of Financial Services

The group was provided the attached document (*Pima Community College Public Safety Personnel Retirement System Pension Funding*) in preparation for a discussion on the target funding ratio and the timeline to achieve it. After reviewing the calculations and potential approaches, the group proposed a target funding ratio of 75% by FY 2026. This would be equivalent to the current funding level for the Arizona State Retirement System. Projections indicate that this target would require an additional investment of approximately \$1 million to the annual operating budget, and the PSPRS funding policy group will convene annually to review the funding ratio and timeline as a component of the annual budget process.

Dr. Bea met with the two members of the Finance and Audit Committee on October 19, 2020 to discuss the recommendations of the PSPRS funding policy group. The Committee members concurred.

Pima Community College Public Safety Personnel Retirement System Pension Funding

General Background - Public Safety Personnel Retirement System:

On July 1, 1968, the [Public Safety Personnel Retirement System](#) (PSPRS) was established to provide a uniform, consistent and equitable statewide retirement program for Arizona's public safety personnel. PSPRS provides retirement benefits and programs to nearly 60,000 active members, retired members and surviving beneficiaries, and to more than 300 employers groups (municipalities, agencies and districts) throughout the state and qualifies as a governmental pension plan under section 401(a) of the Internal Revenue Code.

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each entity participating in the plan has an individual trust fund reflecting that entity's assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets. Each fund has its own funded ratio, contribution rate, and unique annual actuarial valuation.

Pima Community College's (PCC) police employees participate in the Public Safety Personnel Retirement System (PSPRS). Pima Community College has one trust fund for police employees.

Finance and Audit Committee PSPRS funding goal recommendation:

At the Friday, August 21, 2020 Finance and Audit Committee meeting, Dr. Bea shared with the Finance and Audit Committee that the College needed to establish a PSPRS Funding Policy and called for interested Committee Members to assist in proposing a funding goal recommendation specific to a target funding ratio and timeline to achieve the target funding ratio. Arizona Revised Statutes [38-863](#) requires the College to disclose its PSPRS funding ratio on the College's public website. The related Statute [38-863.01](#) requires the College's Governing Board adopt a PSPRS pension funding policy.

Key pension related definitions:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. The UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It consists of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

Context:

Based on the [funding ratios as of 2/27/19](#), most funds in PSPRS are underfunded and fall short of ensuring intergenerational equity. For the 228 employers listed, only 20 have funding ratios at or above 100%. The funding ratios range from 2.66% (min) to 382.73% (max) with 69.77% as the average. A funding ratio of 62.24% is at the 50th percentile. Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current payers. Fully funded pension plans achieve both payer and member intergenerational equity.

Information specific to PCC:

As of June 2019, the average current age for PCC police is 42.7 years, which is close to the state average for PSPRS. Total PCC actual members are 49 comprised of 22 active (contributing) and 27 inactive (retired) members. Total fiscal year 2019 payroll for PCC police was \$1,476,670 with an average pay of \$67,121. Approximately 81% of the unfunded liability for PCC is due to legacy costs (retired employees who are no longer contributing to PSPRS). PCC's funding ratio is 50.21% which falls at the 29th percentile.

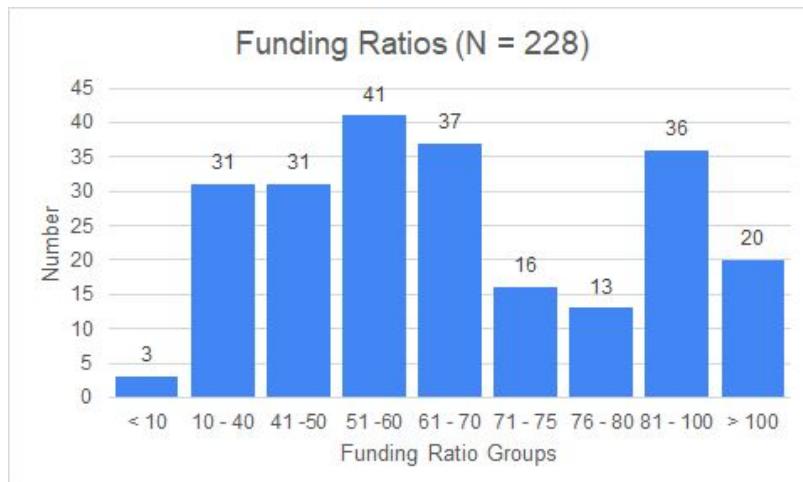
Current Annual Required Contribution (Employer only)	Rate	Dollar
Normal Rate	14.29%	202,835
Legacy Cost Amortization	29.34%	472,814
Total Contribution Rate for FY21 (ARC)	43.63%	675,649

Using the FY21 Annual Required Contribution (ARC) rate of 43.63% and no one time additional payment in FY21, it will take approximately 20 years to achieve fully funded status. (*Note: The new actuarial valuations report from PSPRS will not be available until December 2020, which will have the new contribution rates for FY22.*)

Trust Fund	Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
PCC Police	\$6,742,877	\$13,430,620	\$6,687,743	50.21%

Comparison funding information:

	Active Members	Funding Ratio	Total Liability (AAL)	Unfunded Liability (UAAL)	Average Annual Salary	Average Current Age	Current Contribution Rate
Higher Education Institution							
Pima Community College (PCC)	22	50.21%	\$13,430,620	\$6,687,743	\$67,121	42.7	43.63%
Central Arizona College	3	76.60%	\$1,442,092	\$337,634	\$61,029	53	26.41%
University of Arizona	44	51.10%	\$36,015,517	\$17,613,502	\$72,842	43.5	50.12%
Lower Funding Ratio than PCC							
City of South Tucson	9	4.40%	\$10,654,526	\$10,184,842	\$50,589	44.7	114.63%
Tucson Police	663	35.10%	\$976,048,386	\$633,910,970	\$80,029	40.7	73.39%
Pima County Sheriff Department	400	40.70%	\$422,680,948	\$250,536,669	\$69,547	41.8	76.04%
Tucson Airport Authority	16	27.40%	\$21,170,391	\$15,368,708	\$80,764	44.7	95.30%
City of Sierra Vista Policy	47	43.20%	\$47,099,437	\$26,740,904	\$75,901	41.3	64.48%
Higher Funding Ratio than PCC							
Police department	50	86.80%	\$15,736,382	\$2,079,948	\$80,647	40.5	16.18%
Sahuarita Police Department	26	83.30%	\$15,401,380	\$2,567,769	\$90,414	43.4	22.26%
Tohono Police Department	58	76.20%	\$32,634,272	\$7,750,790	\$71,859	43.9	25.07%
Oro Valley Police Department	78	60.80%	\$62,278,853	\$24,435,947	\$79,934	40.9	41.62%
Marana Police Department	68	58.70%	\$39,756,179	\$16,424,786	\$72,848	39.9	35.24%



FY21 Annual Required Contribution		ARC	Rate				
Normal Rate	\$ 202,835	14.29%					
Legacy Cost Amortization	472,814	29.34%					
Total for FY21	\$ 675,649	43.63%					
Actuarial Accrued Liability (AAL)							
Active Members	\$ 3,885,616	22					
Inactive Members	9,545,004	27					
Total AAL at June 30, 2019	\$ 13,430,620	49					
Actuarial Value of Assets	\$ 6,742,877						
Funded Ratio	50.21%						
Actuarial Accrued Liability (AAL)	\$ 13,430,620	\$ 13,430,620	\$ 13,430,620	\$ 13,430,620	\$ 13,430,620	\$ 13,430,620	\$ 13,430,620
Funded Ratio	50.21%	60%	70%	75%	80%	100%	
Percentile (N = 228)	29th	46th	63rd	70th	75th	92nd	
Value of Assets	\$ 6,742,877	\$ 8,058,372	\$ 9,401,434	\$ 10,072,965	\$ 10,744,496	\$ 13,430,620	
FY21 One-time Contribution Amount	\$ -	\$ 1,315,495	\$ 2,658,557	\$ 3,330,088	\$ 4,001,619	\$ 6,687,743	
Annual Required Contribution (ARC)	675,649	675,649	675,649	675,649	675,649	675,649	
Total FY21 Payment to PSPRS	\$ 675,649	\$ 1,991,144	\$ 3,334,206	\$ 4,005,737	\$ 4,677,268	\$ 7,363,392	
Amortization							
Without FY one-time contribution	0.00	12	14	15	16	20	
With FY one-time contribution	0.00	4.05	2.82	2.51	2.30	1.82	
One-time amt paid within (# of yrs)	50.21%	60%	70%	75%	80%	100%	
1	-	1,991,144	3,334,206	4,005,737	4,677,268	7,363,392	
2	-	1,333,397	2,004,928	2,340,693	2,676,459	4,019,521	
3	-	1,114,147	1,561,835	1,785,678	2,009,522	2,904,897	
4	-	1,004,523	1,340,288	1,508,171	1,676,054	2,347,585	
5	-	938,748	1,207,360	1,341,667	1,475,973	2,013,198	

Questions for discussion:

- Based on the information above, what should PCC's target funding ratio be?
- Should an additional one-time contribution be made?
- If yes to a one-time contribution, should it be made in a single year or over several years?
- If several, how many years?



Revenue Bond Projects - Inception to Date

FY=21 Period=14

FUND	FUND_DESC	Revenues	Personnel	Other Expenditures	Transfers	Fund Balance
581999	Rev Bonds Control Fund	67,131,458	0	(443,102)	(11,822,619)	54,865,737
5R8000	RVB PROJ - Control	67,131,458	0	(443,102)	(11,822,619)	54,865,737
581001	RVB Proj -Advanced Mfg.New Bldg	0	0	(3,638,751)	2,543,195	(1,095,557)
5R8001	RVB PROJ - Applied Tech- Building	0	0	(3,638,751)	2,543,195	(1,095,557)
581003	RVB Proj - Transportation New Bldg	0	0	(7,399,190)	3,675,925	(3,723,265)
5R8002	RVB PROJ - AppTech COE AE WFD SS	0	0	(7,399,190)	3,675,925	(3,723,265)
581005	RVB Proj - ST Bldg Renovations	0	0	(244,124)	215,911	(28,213)
5R8003	RVB PROJ - AppTech Weld,Mach,Engr,M	0	0	(244,124)	215,911	(28,213)
581007	RVB Proj - AppTech Makerspace CAD	0	0	(1,787)	1,787	0
5R8004	RVB PROJ - AppTech Makerspace CAD	0	0	(1,787)	1,787	0
581011	RVB Proj -DC Copper RE	0	0	(1,373,263)	1,378,744	5,482
581009	RVB Proj -DC Frontier RE	0	0	(1,361,845)	1,361,845	0
581037	RVB Proj -DC CoE Program Space Renv	0	0	(380,912)	0	(380,912)
581036	RVB Proj -DC RE Infrastructure Dev	0	0	(95,900)	95,900	0
581034	RVB Proj -DC 333 W Drachman (FT2)	0	0	(1,712,800)	1,726,840	14,040
581032	RVB Proj -DC Historic Assessment	0	0	(44,376)	44,376	0
5R8005	RVB -DC Campus Expansion & Developm	0	0	(4,969,096)	4,607,706	(361,390)
581013	RVB Proj -PSI ESI	0	0	(35,480)	25,259	(10,221)
5R8007	RVB PROJ -PSEI EMSI	0	0	(35,480)	25,259	(10,221)
581015	RVB Proj -Science Labs	0	0	(470,999)	226,828	(244,171)
5R8008	RVB PROJ -Science Labs	0	0	(470,999)	226,828	(244,171)
581017	RVB Proj -Allied Health COE	0	0	(20,032)	20,032	0
5R8009	RVB PROJ -Allied Health COE	0	0	(20,032)	20,032	0
581019	RVB Proj -EC Bookstore/Food Svc	0	0	(49,443)	49,443	0
5R8010	RVB PROJ -EC Bookstore/Food Svc	0	0	(49,443)	49,443	0
581021	RVB Proj -DC Bookstore/Food Svc	0	0	(446,916)	446,916	0
5R8011	RVB PROJ -DC Bookstore/Food Svc	0	0	(446,916)	446,916	0
581023	RVB Proj -NW Bookstore/Food Svc	0	0	(3,642)	3,750	108
5R8012	RVB PROJ -NW Bookstore/Food Svc	0	0	(3,642)	3,750	108
581025	RVB Proj -WC Campus Store	0	0	0	0	0
5R8013	RVB PROJ -WC Bookstore/Food Svc	0	0	0	0	0
581027	RVB Proj -DV Cafe	0	0	0	0	0
5R8014	RVB PROJ -DV Bookstore/Food Svc	0	0	0	0	0



FY=21 Period=14

FUND FUND_DESC

500005 "Revenue Bonds" Revenue
5RVBND Revenue Bond Funded Projects

Revenue Bond Projects - Inception to Date

	<u>Revenues</u>	<u>Personnel</u>	<u>Other Expenditures</u>	<u>Transfers</u>	<u>Fund Balance</u>
500005 "Revenue Bonds" Revenue	0	0	0	0	0
5RVBND Revenue Bond Funded Projects	0	0	0	0	0
	67,131,458	0	(17,722,561)	(5,870)	49,403,028



Fall 2020 Budget Update

Presented by: Dr. David Bea
October 7, 2020

Budget Reality

- Declining enrollment
 - ~15% decline in FTSE as of September 2020 compared to September 2019
 - Uncertainty of COVID-19
 - Local and national demographic changes
- Legislative actions
 - Prop 481 (Re-set PCC base Expenditure Limit)
 - Prop 207 (Smart & Safe Arizona)
- Increasing expenditures
- Decreasing revenues
 - FY21 = (\$9.4M) from FY20 Revenues; Projected FY22 = (\$5.2M)

Revenue Projections (General and Designated Funds)

Revenue Source	COVID-19 Impact	Budgeted FY21	Projected FY21	Projected FY22
Property Taxes	Stable	\$122,106,950	\$121,500,000	\$123,300,000
Tuition and Fees	Decrease	\$47,354,000	\$35,400,000	\$38,100,000
Investment Income	Decrease	\$3,500,000	\$2,400,000	\$2,500,000
Auxiliary Revenues	Significant Decrease	\$1,133,000	\$600,000	\$600,000
Prop 301 Revenues	Decrease	\$1,200,000	\$2,300,000	\$2,300,000
Other Grants	Slight decrease due to Student Financial Aid and lower enrollment	\$2,259,000	\$2,000,000	\$2,100,000
Misc. & Other Revenues	Decrease	\$1,107,050	\$2,400,000	\$2,600,000
Total		\$178,660,000	\$166,600,000	\$171,500,000

Strategies and Considerations

- Position reductions
 - Personnel costs are 75%-85% of total College expenses
 - 100 vacant positions = \$4.5M
 - Proposed reduction of 30 FTE by December 1, 2020 and another 30-70 FTE by July 1, 2021
- Prop 481
 - If passes:
 - Provides expenditure limitation relief beginning in FY22
 - Does not increase enrollment or reduce need to reallocate resources
 - If fails:
 - Projected shortfall of \$11.0M
 - Use of carryforward is not sustainable



Keep striving.





Agenda Item Details

Meeting	Nov 04, 2020 - Regular Governing Board Meeting
Category	3. INFORMATION ITEMS (5 min.)
Subject	3.4 Information: Fiscal Year 2021-2022 Budget Development Calendar
Access	Public
Type	Information

Public Content

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Information:

The Chancellor submits the following calendar of budget development activities in preparation for the Public Hearing and Special Meeting to adopt the budget and set property tax levies and rates for Fiscal Year 2021-2022. This calendar provides a broad overview of Governing Board actions and major milestones in the budget development process.

October 7, 2020

Presentation of the [Fall 2020 Budget Update](#) provided to the Governing Board. Topics included enrollment, projected expenditures and revenues, ballot initiatives impacting the College, and strategies.

October 27, 2020

Executive Leadership Team (ELT) meeting to review the College's budget forecast. The ELT discussed priorities, challenges, and opportunities prior to developing preliminary scenario outlines, which will be presented to the Governing Board at their December Study Session.

December 7, 2020

Governing Board Study Session to review the College's budget forecast and receive Board direction on potential scenarios and/or key budget parameters, including, but not limited to, property taxes, salaries and wages, and tuition and service fees.

February 2021

Course fees for the 2021-2022 Academic Year will be presented to the Governing Board as an Information Item at their Regular Meeting.

Governing Board Study Session to review the budget model and scenarios for Fiscal Year 2021-2022. The budget model and scenarios will be developed using the direction of the Governing Board from their December 7, 2020, Study Session. Discussion will include, but not be limited to:

- Budget forecast
- Expenditure limitation
- Enrollment
- State aid
- Tuition and service fees
- Salaries and wages
- Employee benefits

- Property taxes
- Debt service
- Capital budget

March 2021

Governing Board Regular Meeting to review and potentially approve tuition and service fees for the 2021-2022 Academic Year.

April 2021

Governing Board Regular Meeting to review and potentially approve:

- Salaries and wages
- Employee benefits
- Medical and pharmaceutical
- Dental
- Short term disability
- Life and AD&D insurance

May 2021

Governing Board Regular Meeting to review the proposed Fiscal Year 2021-2022 budget and approve the Publication of the Proposed Budget and, if required, Truth in Taxation Notification. The capital budget will also be presented for review and approval.

June 2021

Governing Board Public Hearing and Special Meeting to:

- Set property tax levies and rates
- Adopt the Fiscal Year 2021-2022 budget

Governing Board Regular Meeting to review and approve:

- General liability and automobile insurance
- Workers compensation
- Property insurance
- Major contractual obligations (Information Technology, Facilities, etc.)

The College shall work with the Governing Board's Finance and Audit Committee to review proposed budget actions, and feedback will be obtained through presentations to students, faculty, staff, administrators, and community members.

Administrative Content**Executive Content**

Fiscal Year 2020 Enrollment Revitalization Funds - Quarterly Reports

In 2017, the Governing Board adopted a plan to reduce operational expenses to meet the projected Expenditure Limit (EL) for fiscal year (FY) 2021. The three-year plan reduces expenditures by \$5.0M each year, from fiscal year 2018-2020, and the fiscal year 2020 budget will be the third year of this plan. Although the College is on track to meet the projected EL, full time student equivalents (FTSE) remain important, as any continuing declines will result in a further decrease in the College's Expenditure Limit.

Conversations with the Governing Board at their [April 29, 2019 Study Session](#) yielded a request to explore the excess EL capacity for use in the fiscal year 2020 budget. In addition, the Governing Board requested a clear outline of the projects, costs, and expected return on investment (ROI). Prior to the Study Session, brief proposals from Marketing and Enrollment Management were shared with the Governing Board's Finance and Audit Committee on [April 19, 2019](#); the Committee supported the notion of using one-time funding to boost enrollment.

On May 8, 2019, the Governing Board approved the [capital budget plan for FY20](#), which included \$2.0M in one-time funds to improve classroom technology and the student experience. The [proposed budget](#), presented to the Governing Board on the same date, included \$5.0M in budget capacity for targeted projects to boost FTSE. Some of the projects, including Marketing and Enrollment Management, were already in development, and the Chancellor requested employees submit creative ideas to boost FTSE. The projects were reviewed by Administration on May 21, 2019, and categorized into the following areas:

- Marketing/Outreach
- Persistence/Retention
- Program Development/Expansion
- Professional Development
- Scholarships/Cost Reductions

On [June 12, 2019](#), the Governing Board adopted the FY20 budget, which included \$5.0M in Enrollment Revitalization funds. A total of \$3,206,207 in projects were approved by Administration and [presented](#) to the Governing Board. Following are the final updates on each of the projects, including the progress towards the ROI (for the period from April to June 2020) and the total funds expended through June 2020.

Marketing: Signage, Advertising, and Sponsorships

Project Owner:

Lisa Brosky, Vice Chancellor for External Relations

Return on Investment:

Millions of views for advertisements and signage.

Sponsorships to target specialized populations (ex: TenWest, 100 Full Time Student Equivalent [FTSE]).

Budget:

\$1,391,000

Progress to Date:

There has been no additional progress since the Third Quarterly Report as the signage project was placed on hold due to COVID-19.

Total Expenses through June 30, 2020:

\$1,091,000 (the remaining \$300,000 was allocated for the signage project)

Enrollment Management: Blackboard for Enrollment Services

Project Owners:

Dr. Irene Robles-Lopez, Vice President of Student Affairs,
David Arellano, Dean of Enrollment Management

Return on Investment:

Enrollment coaching and engagement campaigns for up to 17,000 student records.

Budget:

\$207,500

Describe the Progress:

- Campaigns have been completed
- Next steps: a) Received Blackboard reports b) Provide Blackboard campaign data to STAR for internal analysis of return on investment

- Spring 2020 - Coaching Campaign

Cohort Segments	Total count	% of Total Group	Note
Total in Group	7789	100%	
Total Registered for Spring	1839	23.6%	Overall Registered from selected group
Registered before 12/5 Launch	747	9.6%	40.7% of Spring Registered came before 12/5
Registered after 12/5 Launch	1090	14.0%	59.3% of Spring Registered came after 12/5
Total Registered contacted by Coach	265	3.4%	14.3% of Registered students.
Registered before 12/5 contacted by Coach	109	1.4%	6% of Registered students, 14.6% of those registered before 12/5
Registered after 12/5 contacted by Coach	156	2.0%	8.3% of Registered students, 14.2% of those registered after 12/5

- Between list selection and launch, some students had already completed registration. If contacted, the coach still reached out to confirm they were ready to start and did not have any remaining questions. These were not directly impacted by coaching, so not factoring into the coached registered count.
- Main focus were those who still had not registered after the launch of the campaign on 12/5/19.
- After the first Spring term start, Coach went back through unregistered applicants who had not selected out to bring awareness to 3/24/2020 start.

- Spring 2020 - Engagement Campaign (Stop Outs)

- 1,018 (56.4% - n = 1,804) students contacted
- 833 (81.8% n = 1,018) engaged with Enrollment Coach
- 336 (40.3% n = 833) did not need Enrollment Coach assistance
- Pending final Bb report with enrollment comparison

Total Expenses through June 30, 2020:

\$207,500

Professional Development: Teaching and Learning Center (TLC)

Project Owners:

Dr. Dolores Durán-Cerda, Provost and Executive Vice Chancellor for Academic and Student Services

Kate Schmidt, Executive Director for Faculty Affairs and Development

Dr. Mays Imad, Coordinator of Teaching and Learning Center

Return on Investment:

Collocating the most current and high-quality pedagogical methods and disseminating them to both full- and part-time faculty.

Budget:

\$236,630

Describe the Progress:

The existence of the TLC was critical to faculty training during the quick pivot to virtual and fully online instruction during March. From April through June the TLC offered 60 (35 faculty-for-faculty help hour; 25 virtual teaching webinars) sessions with 291 attendees on improving virtual teaching.

During the months of April, May, and June, the TLC continued to offer webinars on best teaching practices in virtual environments. The topics for these webinars ranged from “how to set up your virtual classroom,” to “how to set up online quizzes and assessment,” to “how to establish faculty presence in your course discussions.” These webinars ranged from one- to two-hour and were recorded so faculty can access the materials later on.

In addition, beginning in April, the TLC started to offer weekly faculty office hours (faculty-for-faculty help hour). The purpose of this program is to help faculty who may not need to attend an entire webinar but may have a single question related to the technology and virtual teaching and may require one-on-one attention.

Total Expenses through June 30, 2020: \$219,385.76

Unspent: \$ 17,244.24 (Travel and supplies were underutilized primarily due to shift to virtual in March)

Scholarships: Students Enrolled at the Arizona State Prison Complex on Wilmot

Project Owners:

Dr. David Doré, Campus President and Vice Chancellor of Workforce & Economic Development

Amanda Abens, Dean of Workforce Development and Continuing Education

Tony Offret, Advanced Program Manager of AZ State & Federal Prison Programs

Return on Investment:

Increase of 109 FTSE over FY19.

Budget:

\$303,000

Describe the Progress:

- Workforce in close collaboration with the AZ Department of Corrections (ADOC) and Pima Online pursued various methods to support inmates access to Pima Community College courses beyond the course supported and paid for by Pima's contract with ADOC.
- Inmates at the Arizona state prisons have been given tablets that will allow inmates to download education materials, including courses offered for college credit.
- After several meetings and attempts to reach a workable agreement, the tablet provider, J-Pay, will not allow colleges to charge tuition to inmates to take classes through the tablets. All courses have to be free to the inmates. J-Pay would not make an exception for Pima.
- Pima continues to work with the Department of Corrections on alternative methods to deliver distance learning to inmates; however, no scholarships funds have been able to be utilized during FY20 due to the challenges described above.

Total Expenses through June 30, 2020:

No funds were expended

Program Expansion: FANUC Robotics for Automated Industrial Technology (AIT)

Return on Investment:

Increase of 21.6 FTSE over FY19.

Due to safety protocols, class caps have been decreased and our high school partners' program development has been slowed. The AIT program will need more time to realize the return on investment.

Project Owners:

Dr. David Doré, Campus President and Vice Chancellor of Workforce & Economic Development
Greg Wilson, Dean of Applied Technology

Budget:

\$515,000

Describe the Progress:

The Festo cyber-physical Industry 4.0 system is being shipped from Germany with an expected arrival the week of Sept. 14. The two-day onsite training for faculty and staff will be scheduled once the systems and equipment are installed. The plan is to use the system in class before the end of the Fall 2020 semester.

The collaborative robots have been delivered to M&S and will be placed at Downtown Campus in the coming weeks. The robots will also be used in class with students before the end of the Fall 2020 semester.

Total Expenses to through June 30, 2020:

\$515,020.00

Program Expansion: Dual Enrollment

Return on Investment:

Increase of 114 FTSE over FY19.

Project Owner:

James Palacios, Director of Dual Enrollment

Budget:

\$443,137

Describe the Progress:

- **Build Sustainability by preparedness for our growth in schools**
 - Masters of the Future Partnership with Western New Mexico University to increase more Adjunct HS Instructors in the High Schools. Master of Interdisciplinary Studies
 - Utilize Budget to assist with dispatching PCC Instructors to sites for next year
- **Working with departments for oversight of DE Adjunct Instructors.**
 - First worked with Faculty Certification to develop best practices
 - Assigned one member from faculty and DE to collaborate on certification.
 - Met with Writing, math, science, to explore needs of how we can improve monitoring of instructors.
 - DE team developing a system, via google sheets, forms, docs.
 - Math pilot the system. We received feedback of the instructors
- **Collaborating to restructure our concurrent and early college program to increase enrollment**
 - Developing Online Dual Enrollment Program Plan
 - Increase access to Early College on PCC Campus. Vail East/DV, Alta Vista EC @ DV, TUSD EC @ DV, DC, East
 - Re-Structuring the Concurrent Enrollment/Early College Program Discussions to increase enrollment
- **2019-2020 Dual Enrollment Highlights**
 - Position of the Director is now with leadership and supervision duties and the new development of a department with 7 new staff members. DE is growing rapidly.
 - Pilot implemented to increase enrollment (AJS=approx. 60 students)
 - Online classes offered to dual enrolment students (MAT151 2 districts)
 - Team visibility increased at high school sites
 - Supports implemented to schools
 - Presence and support is planting seeds. For example, Vail USD, Cienega, Marana, Ironwood, and TVUSD, University High.
 - Testing held at schools locations(dual enrollment team only) help schools save on funds
 - Early college plans for Alta Vista and TUSD
 - Vail Early college plans to double in size by Fall 2020
 - TVUSD will be participating sending some students
 - New program development with existing partnerships with school districts/EIR grant with Center of the Future of Arizona, Jobs for the Future, LeadLocal, SRI International

- Pilot Year 1 - Pueblo
 - Pilot Year 2 - 5 high school to be determined by grant
 - Started communication with Pima departments such as CIS(CYBERSECURITY), PARALEGAL, EDUCATION
 - Communication between certification/dual enrollment and potential faculty has improved and continues to get better
 - Early Childhood for JTED started in Spring 2020
 - Procedures for DE Applications
 - Procedures for reimbursing divisions after a dual enrollment teacher is used
 - Procedures for cross listing dual enrollment and regular classes
 - Procedures for billing school district to pay for instructors
 - Procedure for registering students in regular term classes without incurring a charge in the students accounts
 - Collaboration with distance education to develop a strategy to develop sustainability in Early College/DE Online Program
 - Developing Program Pathways for Schools to see potential and to structure purpose of organizing DE offerings in schools. Language used is from offering classes to programming and pathways (Program of Study)
 - Finalizing WNMU agreement to offer MAIS to DE/Instructors to meet certification requirements at an affordable cost
 - Collaboration with IBM to incorporate a Pilot P-Tech program. Workforce, CIS and DE
 - Beginning collaboration with Raytheon on AIT/Optics High School Programming. Greg Wilson, Ian Roark, and James Palacios
 - Inaugural Scholarship - 12 students received out of 51 applicants. Looking to increase offering for next school year. Application is posted.
 - IRHS First in Pima County of the entry CNA/Caregiver Program. Joe Gaw and James Palacios
 - Sahuarita/Rio Rico/JTED are beginning the conversations to start this program
 - Expanding course offering with New JTED Bridges Campus
 - K-12 Conference @ DV Campus was a hit.
 - Presented at the Arizona Dual Enrollment Conference February 28th, 2020
- Ongoing engagement, meetings and outreach, with Pima County and Santa Cruz County schools to increase dual enrollment for underrepresented students by creating dual enrollment opportunities from courses to Early College programs, and encouraging student enrollment.

Dual Enrollment Data Surpasses Strategic goal of 2021

Enrollment to date has surpassed Strategic Goal 2.3b of 2,571 enrollment goal to be met by 2021. Dual Enrollment headcount of 3,491 and final enrollment of 6,101.

Total enrollment of 8,210 with Concurrent/Early College.

Increase of DE Courses offered at High schools. From 110 courses offered in 2020 SY up to 366 courses requested for 2021 SY with 526 separate sections to create.

Concurrent Enrollment/Early College Data

Vail Early College

Head Count: 42
Enrollment: 1,100
FTSE: 38

JTED Concurrent Enrollment

Headcount: 103
Enrollment: 1005
FTSE: 37

Total Expenses through June 30, 2020:

Expenditures to date - June 30 Final Report

Balance of Budget at end of June 30th: \$46,156.31

Underutilized Adjunct Faculty Budget due to unclear process from Business Services.
Currently, looking at requesting for more clear process to assist with utilization of the approved budget.

Program Expansion: Pima Online

Return on Investment:

Increase of 34 FTSE over FY19.

PimaOnline FTSE has increased 104 over FY19

Project Owner:

Michael Amick, Vice President of Distance Education

Budget:

\$109,910

Describe the Progress:

- Focus on bringing student success data to the PimaOnline team discussions
 - Meet with PimaOnline Department Heads to share comparison data of in-person vs. fully online course success rates. Target completion - April 2020 (continue on a semester basis). **4th quarter update: First round of meetings have been completed.**
 - Project #1 - working with STAR to see if a student success dashboard can be developed for PimaOnline Department Heads that is a visually appealing representation of their course success data. Goal is to increase the use and accessibility of student success data that is relevant to each person. Target completion extended to fall 2020. **4th quarter update: Currently working with STAR to develop the dashboard.**
 - Project #2 - longitudinal faculty course success rates. **4th quarter update: Complete initial phase in fall 2020**
 - Quarterly PimaOnline Newsletter (Target for distribution is April 2020) **4th quarter update: first newsletter will be shared with the college in early September.**
 - Lead for administering the PSOL (priorities survey for online learners - RNL). Response rate for this year was 23% compared to the last two surveys with 9% and 14%.
- Efforts to proactively connect PCC services and resources, as early as possible, with students interested or already in online courses or fully online programs
 - Redesign of the Orientation to Online Learning (OOL 100) to include more active participation from PimaOnline. Target completion - May 2020. **4th quarter update: Completed redesign and the course is now active for students as of Aug 10th. 3,000 students have earned the completion certificate for this course (8/10 - 8/24).**
 - Marketing for the new designed OOL100 course has begun for students, faculty and staff across the college. Facilitated three micro-sessions at the Unconference about the new content in the OOL100. More faculty are requiring it as an assignment in their courses.
 - Students are emailed once they enter the course with information about why the course is important and that they can reach the Director of Online Student Success for any questions they may have. I receive 3-5 questions daily, related to advising, technology and the course.
 - Developed onboarding course for the Pearson Accelerated Pathways students. Course will soon include active engagement from PCC and Pearson staff about enrollment steps. (3rd quarter, currently 400 students are enrolled in the course). **4th quarter update:**

Updates to the course based on the new content in the OOL 100 will be made in fall 2020. Currently have 526 students enrolled.

- Host Virtual Orientation sessions for Pearson students (before every 8 week term begins)
- Participated in an Instagram Event on 8/19 to provide information to students about online/virtual success and preparation for their first week. 50+ students attended the live event and it is available as a recording.
- Redesigned the [Student Resource Guide for Transitioning to Online Learning](#) for current fall 2020 students that are taking online and virtual courses. Over 200 students have viewed it since the redesign.
- Retention efforts:
 - Collaborate with Jeff Thies on college student success initiatives and assist with onboarding the new Success Coach positions
 - Continue to support and train new embedded coaches and tutors that will be in online and virtual classes in the fall semester.
 - Created 3-4 min video tutorials for students that are now placed on the digital literacy webpage - online learning and D2L support topics.
 - Supported the development of a D2L shell for Student Life. Participated in the Virtual Welcome to introduce online learning resources to students.
 - Assisted PimaOnline faculty with adding students into their courses after the registration deadline.
 - Supported the development of TRiO D2L shells so their programming is accessible to students in a virtual setting.
- PimaOnline collaboration with Student Affairs
 - Continue to support PimaConnect implementation projects with Student Affairs
 - Created the Intake Inventory so it could be offered to students in PimaConnect. Helps end users understand more about the student and their needs (non-cognitive questions).
 - D2L integration will occur in early fall 2020
 - Monthly meetings with Director of Virtual Services and PimaOnline Program Advisors
 - Student Affairs training - PSOL survey data; strategies to communicate with students that are nervous about online learning
- Student Engagement Efforts
 - Collaborate with PimaOnline faculty development department
 - Conducted two focus group sessions with students to hear about their online experiences; led project to add a student video to OOL100 about tips for online success
 - Shared PSOL (priorities survey for online learning) results with Student Affairs, ELT, PimaOnline Department Heads, PimaOnline Leadership Team. Continue sharing results with other departments in fall.
- Student Communication
 - Manage requests and post global announcements in D2L
 - Mirror announcements that are sent out to students via email
 - Post announcement requests from other departments
 - Social Media lead for PimaOnline Twitter account

- Work towards building an Instagram and Facebook account to capture more students **Complete in fall 2020**

Total Expenses to through June 30, 2020:

Est. \$55,800