

**NEBRASKA COMMUNITY COLLEGE ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
February 2, 2006**

1. PUBLIC MEETING NOTICE

All NCCA Board of Directors, Area Presidents, and the general public having been duly notified the meeting of the NCCA Board of Directors was held February 2, 2006, at the Southeast Community College Continuing Education Center in Lincoln Nebraska. President Potter stated that the public meeting notice was published in the Lincoln Journal Star on January 28, 2006. The public meeting notice is attached to these minutes.

2. ATTENDANCE

Directors Present:

President Tim Potter – Metropolitan
Vice President Keith Harvey – Northeast
Secretary Jane Hornung – Mid-Plains
Treasurer Lynn Schluckebier – Southeast
Glenn Colson for Roger Wilson – Mid-Plains
Robert Feit – Southeast
Merlyn Gramberg – Western Nebraska
David Newell – Metropolitan
Larry Poesnecker for Don Oelsigle – Northeast
William Schneider – Central
David Stubbs for Harold McClure – Central

Directors Absent:

Tom Perkins – Western Nebraska

Staff Present:

Dennis Baack – Executive Director
Melanie Williams – Administrative Assistant

Also present were: Dr. Jody McDowell, Jim Grotrian, Dave Koebel, Randy Schmailzl, and Randy VanWagoner – Metropolitan; Dr. LaVern Franzen – Central; Dr. Michael Chipps – Mid-Plains; Dr. Bill Path – Northeast; Dr. Jack Huck – Southeast; and Dr. John Harms and Dr. Diana Doyle – Western.

3. CALL TO ORDER AND QUORUM DETERMINATION

President Potter called the meeting to order at 1:16 p.m. and asked for roll call and quorum determination. Present and responding were eleven board members representing their respective area governing boards. It was determined that a quorum was present.

4. APPROVAL OF AGENDA

President Potter asked for any additions to the agenda. There were none.

MOTION BY MERLYN GRAMBERG AND SECOND BY DAVID NEWELL that the NCCA Board of Directors approves the meeting agenda.

A roll call vote was taken.

Voting Aye: Colson, Feit, Gramberg, Harvey, Hornung, Newell, Poesznecker, Potter, Schluckebier, Schneider, Stubbs

Voting Nay: None

Absent: Perkins

RESULT: Motion carried eleven (11) ayes, no nays, and one (1) absent.

5. TEAM 1 / LEGISLATIVE COMMITTEE

President Potter stated that the purpose of the board meeting was to discuss Legislative Bill 1251 and also to provide Baack guidance on the bill. Baack stated that discussion had been had regarding the position the association office could take on the bill since the NCCA Board of Directors had not taken an official stance on it. According to the philosophy of the association as well as his job description, he felt these items allowed him to speak on behalf of the system without prior approval of the board but some individuals did not agree with him on this.

(Perkins arrived at 1:20 p.m.)

President Potter began to explain the origination of LB 1251 and what that bill entails. He stated that the Metropolitan board felt that with the decision to seek full funding by the Area Presidents, action needed to be taken to convey that Metro wanted the state aid distribution formula looked at and changed. LB 1251 was introduced by Senator John Synowiecki of Omaha to accomplish two things: encourage action this year and have a vehicle in place for the Legislature to plug the new state aid distribution formula into.

Newell stated that the Metropolitan board passed a resolution in October 2005 asking the NCCA Board of Directors to conduct a review of the funding formula. The reason for this review was in response to questions Metro's budget and finance committee had regarding Northeast's additional tax levy authority and an overall view of the formula. Newell continued by stating that after Metro did not receive a response to this resolution and after it was decided at the January 6, 2006, CEO meeting, that a review would not occur until after the system achieved full funding, the Metro board felt as if it was not being taken seriously and therefore drafted a resolution on January 12, 2006, stating that the Metro board would introduce a legislative bill which would change

the current funding formula and not support full funding of the community college system by the Legislature. LB 1251 would distribute state aid based entirely on full-time equivalency and according to Newell, which would be beneficial to Metro. Newell then stated that they do not expect the bill to pass and that they won't lobby for the bill but they do expect the Association and its Executive Director as well as the President's Council to know that Metro wants a different funding formula. They want to negotiate with the Association board on good faith a new formula based on something every area can understand. Newell stated that if the Association is going to hard ball Metro, they will play the game also. (A copy of the resolutions is attached to these minutes.)

Perkins asked how the Association had hard balled Metro. President Potter stated that it appeared the CEO Council had reversed its decision to support a review of the funding formula by not sending it to the Business Officers for review which was stated in the November 5, 2005, meeting minutes. At the January 6, 2006, CEO meeting minutes, no mention was made of this and it was decided that the system would pursue full funding. Perkins asked if Metro's concerns were ever brought before the NCCA board. President Potter replied that it wasn't until the January 6 CEO meeting that they had cause for concern and they did not want to wait until the March 1 board meeting to act. Perkins then asked why it wasn't brought to the board prior to the approval of the legislative agenda in August 2005. Newell replied that the Metro board believed, at that time, that the CEO Council would discuss the issue. When the CEO Council stated that they wouldn't review the formula until full funding was achieved, the Metro board felt compelled to act.

Dr. Chipps, chair of the CEO Council, stated that the council decided that after previous year events, a review of the formula would occur after full funding. The rationale behind this decision was to present a unified community college system to the Legislature. Dr. Franzen, secretary of the CEO Council, clarified that financial details were handed out by Schmailzl at the November 2005 CEO meeting and that information would be relayed to the Business Officers and discussed in the near future. At no time did they vote to have the Business Officers review the funding formula. Dr. Franzen continued to state that at his first CEO meeting in May 2002, a report commissioned by the association for NCHEMS to review the funding formula was presented to the council. Dr. Dennis Jones, President of NCHEMS, told them that the formula was fine and that it should not be touched until it is fully funded. Dr. Franzen then stated that the formula is complicated with many factors being taken into account such as equity, fairness, and give and take by each area. In his opinion, since the formula has so many factors which are built on some basic understandings, it would be wrong to go in and make any adjustments until the 40/40/20 balance is back in place. He goes on to state that some manipulations are probably in order but without full funding, no one can predict what it would do to the entire funding structure.

President Potter stated that according to the January 6, 2006, CEO meeting minutes, no effort would be made to make changes to the formula and the Metro board felt that its October 2005 resolution was being ignored and they needed to act immediately. He then stated that he believes it is attainable to develop a formula

without jeopardizing full funding. Newell stated that he would not support full funding and would do everything he can to prevent the Metro board from supporting it unless changes are made to the formula. Newell continued to state that he did not expect to get support from the association because it outnumbers and outvotes Metro which he perceives as a money tree that other areas shake when they need additional money. The Legislature will need to rewrite the formula based on an educationally, justifiable formula which doesn't just shovel money to western Nebraska. Perkins asked Newell when he heard the association board say they were not going to look into reviewing the funding formula. Newell replied that he was referring to the President's Council and his initial understanding that the area financial officers were going to review the formula. Perkins asked how the association was hard balling Metro when according to the January 20, 2006, CEO conference call meeting minutes, it states that on or before August 1, 2006, a recommendation will be submitted by the area presidents and business officers suggesting agreed upon revisions to the NCCA board by their third quarter meeting. Newell asked if the NCCA board was going to look into possible revisions or just let the administrators do as they see fit. Perkins replied that according to NCCA bylaw, the association board has given a majority of responsibility to the area presidents to conduct studies and make recommendations to the board for action, either in favor of or against. They are the experts in their fields and must be relied upon. President Potter agreed that the administrators should be the individuals who propose some alternatives to the board. He then stated that he believes the association can come up with a new formula and present it to the Legislature on a united front. Under the present formula, Metro is at a disadvantage and has been for a number of years so to them, a new formula and full funding go hand in hand.

Perkins asked President Potter how much money Metro needs. Potter replied that it is not a question of need but a question of how it is divided up among the areas so it is fair to everyone. Currently, if a certain area's enrollment goes down, they are then entitled to more state aid per student, which is not fair to the other areas. That is the reason Metro would like the formula rewritten from the ground up. Gramberg stated that NCHEMS reviewed the formula from the ground up in 2002 and found it to be fair for each area. Newell asked if NCHEMS had a role in writing the formula. Baack replied that the formula was completely rewritten in the late 90's and that they had no part in the construction of it.

Newell stated that according to board policy, a mediator could be brought in to resolve a conflict on the board. Because of the way the board is structured, Newell assumes that Metro will be in the minority in August when a recommendation is brought to the board and asked what the process would be after that. Baack replied that the process which will be used is outlined in the association bylaws. Newell asked if this could be completed by mid-December. Baack stated that the NCCA board approves the legislative agenda at the November board meeting so that time frame will work for the board. Newell then stated that Metro introduced LB 1251 because they wanted to get some people's attention and they felt they were being hard-balled. They do not intend to push this bill in the Legislature and are assuming that it has no future. (A few board members then stated that they felt like they were being hard-balled by Metro.)

Hornung asked if the Metro representatives felt that they have had the opportunity to say what they wanted to say and if the remainder of the board could ask them some questions. President Potter replied in the affirmative. Hornung asked how they could agree to the legislative agenda in November and two months later disregard their vote and develop their own agenda. President Potter replied that even though they agreed to the legislative agenda, it did not prevent them from introducing their own bill that they felt was needed. Hornung stated that the policy manual did state that. President Potter responded that would be the case if they were going against a previously adopted board position but the board had not taken a position on the formula. Metro does not have a proposed formula and is not applying pressure to adopt a new formula, but they are seeking an agreement to review it and next legislative session, submit it to the Legislature. Hornung asked if they felt it was inappropriate to introduce legislation which would affect every community college area. Newell again stated that the bill was introduced to get the attention of the association who they felt had ignored their request for a formula review. Hornung asked if they were then unable to work within policy that they had endorsed. Newell replied that it was apparent to Metro that the CEO Council had changed their position on the need to review the formula until after full funding was achieved. Perkins stated that he is getting the sense of emergency from Metro. President Potter replied that in some ways it is with many Senators being forced out of office by term limits. Perkins asked if the bill introducer and co-signers all knew that it would raise property taxes for certain areas. Newell replied that it was hard to explain why money is sent out to Western so they could lower their property tax and Metro has to manage with what they can get. Perkins asked when Western has ever lowered their property tax. Newell stated that there is clearly a shift of money to Western and that is what this bill is about. Perkins asked if this is all about Western. Newell backtracked and said that he was referring to the portion of the state west of the Metro college area. Newell continued by stating that the formula is not based on educational services or performance but on property tax relief. Perkins responded that the formula is based upon access to education. Newell then stated that the formula has been distorted because of the automatic growth factor which allows areas to take advantage of that and pull the money towards their area. Education and F.T.E. have been replaced by growth as the main objective in the community college system. He continued to state that the formula is not an educational formula most legislators understand and Metro is trying to do that. Metro would like to rewrite the formula with input from every area but they are not willing to wait for that and continue to be ignored by the CEO Council. Newell continued to explain that Metro did not just look at the CEO meeting minutes to get that feeling but it was also the feeling conveyed to them by Dr. McDowell who attended the meetings. They believed that there was reluctance by them to look at and evaluate the formula and Metro took it as an offense and an affront and made the decision to get peoples attention.

Dr. Harms asked for permission to address the board. Permission was given. Dr. Harms stated that he has been a president in the community college system for 33 years and has been involved in 15 – 18 formula changes. Hearing these same arguments for 33 years, it is apparent to him that urban America does not understand the issues of rural America. He then stated that he was slightly offended on the basis

that Metro has a college president who participated in the CEO Council meetings and voted yes on the motions which are being discussed today. If Metro had such strong views on a formula change, a no vote should have been cast from their college president and a message would have been sent to the remaining five areas. Dr. Harms went on to state that Nebraska needs an equalization formula which deals with the assessed value, population base, and rural America. Without one, community colleges in rural America would not exist. He then stated that he believes that Dr. McDowell will be able to make the changes they want made but when 3,000 students are on a waiting list because Metro did not enough classes and that amount is more than Western's entire enrollment, that illustrates the difference between urban and rural America. Western does not have the population and assessed values as urban areas but their students still deserve to have equal access to quality education and if this does not occur, the court system will get involved. Dr. Harms gave an example which demonstrates this: Western does not have much money in its reserve but Metro does. The further west you travel in Nebraska, the less capabilities you have. He acknowledged that Western has had growth in recent years and may for a couple more years before it levels off, but he believes Western should not be punished for being successful or looked at as though they are twisting, distorting, or cheating. He has been a community college president for 33 years and has operated on ethics, values, and principles and he has been truly offended when someone looks at him and accuses him of twisting and distorting the funding formula. Dr. Harms stated that as times change, you have to change to meet the demands and a look at the formula is needed. Due to his upcoming retirement, this may be the last time he sees the board but he did want to state that this is one of the best community college systems in the country due to its board members, who volunteer their time and resolve the issues by discussing them, not by making threats or arguing which occurs in other states. If the Legislature sees this type of behavior, they may just decide to take control of the system themselves and that is not in the best interest of the student. Dr. Harms concluded by stating that full funding is just as important as making a change to the formula because it gives hope to the areas in the rural environments.

Dr. McDowell stated that at the recent CEO meetings, she did voice her protest in regard to the review of the funding formula. She then stated that Metro does understand the need for equal access and with her two prior presidencies being in rural America, she does understand the obstacles facing them. Dr. McDowell then went on to explain that the 3,000 students on a waiting list at Metro are waiting for faculty and classroom space. The taxpayers for Metro are also entitled to equal access for education and right now two rural counties in Metro's area are not being served: Washington and Dodge. She stated that when the current formula was written, it was assumed Western would have a decrease in enrollment immediately following the enactment of the formula. Western had a 44% enrollment increase which translated into a 43% increase in funding while Metro had a 30% increase in enrollment and they received only a 14% increase in funding. Dr. Harms stated that his institution does not have \$29 million dollars in their cash reserves. Dr. McDowell stated that Metro is not the only area which has stated the formula needs to be reviewed and designed to be equal for every area.

Stubbs stated that he is receiving a distinct feeling from the Metro representatives that if they do not like the formula revisions in August, they will go their own way. His board feels very strongly about the success of their institution and they will not stand-by as their area is dismantled. Newell replied that is not the intention of the Metro board. Stubbs responded that Newell had stated if Metro does not like the new formula, they would want a mediator. Newell replied that he could almost guarantee that Metro will not like the formula and they will go to the Legislature like they'll have to. President Potter stated that Metro is not in favor of anything which would require areas to close or the state to takeover. They recognize that they will need to compromise and they hope other institutions will be willing to compromise as well. Only with compromise can the association present a new formula to the Legislature as a united system. He then stated that Metro is only asking for a good, ground up look at the formula which would be fair to every area but not jeopardize any area. Gramberg stated that he does not get the same feeling from the other Metro representative. President Potter responded that they are relaying their board's wishes to the NCCA board but Newell is voicing this in a different way.

Baack asked the Metro representatives what their legislative agenda is from this point forward. President Potter stated that their intention is for Senator Synoweicki to testify at the revenue committee hearing and explain that LB 1251 was introduced to get the attention of the community college system.

Harvey stated that he believes there are some issues with the funding formula but he does not recall being asked to vote about it. The first he knew of there being a serious issue was when the bill was introduced in the Legislature and he still does not understand the extent of the issues. He continued to state that if this would have been brought before the NCCA board, he would have agreed to a review of the funding formula prior to the matter going before the Legislature which he does not agree with.

Baack restated that everyone needs to agree to a basic philosophy for this process which is that we believe in a strong statewide system of community colleges.

President Potter asked Baack if he would be willing to testify before the committee as a neutral party. Baack replied that he would be willing to do that as long as Senator Synoweicki and other supporters of LB 1251 do not argue for the passage of the bill. If it is stated on record that the purpose of this bill was to get the attention of the association, he will stay neutral on the bill. However, if testimony is given stating the opposite of what was agreed upon during this meeting, Baack will argue in opposition of the bill. Baack stated that he believes the board must give him some discretion on matters such as this. Hornung asked Baack if the wording in his job description gives him that discretion. Baack replied in the affirmative.

Feit stated that he would like it to be known that he agrees with the course of action stated previously. Baack will remain neutral as long as LB 1251 supporters do not argue for the passage of the bill. Newell stated that he supports this as long as

Metro is not ignored and it will be dealt with as an association so they can continue to play with the association. He is worried about the end result but he will not prejudge it.

President Potter stated that if there is a consensus on the agreed upon action for Baack, formal action does not need to be taken. Stubbs stated that it was his understanding that Baack has been operating with this sort of latitude for years and it has been well know that he speaks well for the community college system.

President Potter asked for any objections to the action which will be taken by Baack on LB 1251. There were no objections.

Dr. Huck then stated that according to NCCA bylaws, between NCCA board meetings, Baack is to work closely with the CEO council and get his direction on legislative matters from them.

Colson asked if the NCCA board is happy with the timeline submitted for the formula review to occur. No one objected to the timeline.

President Potter asked for a five minute recess at 2:37 p.m.

The meeting reconvened at 2:48 p.m.

6. BYLAW & POLICY COMMITTEE

Baack stated that the policy manual was sent out to every board member so that they may review them and re-familiarize themselves with the policies. The executive director is not the mediator and should not be put in the middle of situations such as the current issue. President Potter asked Baack why he feels he can't be a mediator. Baack replied that he would not be able to determine which side to take. President Potter stated that he would have liked Baack to fulfill the role of mediator and after review of the executive director's job description, he feels that a portion of it does state that the executive director is a mediator. Baack replied that when one issue puts the area's on opposite sides, he does not believe that he can be the mediator. He can help facilitate the process of reviewing the funding formula but he does feel that the policy must be followed in regard to disagreements amongst the areas.

Feit suggested a change be made to Policy 4008: Contacting Legislators, Legislative Staff, and/or Committees. In paragraph 4, he would like to insert Executive Director into the sentence so that it may read as follows: *If it is determined that a resolution or compromise cannot be reached, the dissenting area member or members shall notify the NCCA president and Executive Director in writing of their intentions, either to actively oppose an NCCA board position and/or to pursue a separate legislative agenda.* Baack stated that this will be brought before the entire board again at the March 1 board meeting and action will be taken at that time. He then restated that he would like the board to review the policy manual prior to the March 1 board

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meeting. If any board member would like to propose any changes, contact Baack and he will forward the suggestions to Gramberg and the Policy and Review Committee.

There being no further business, the meeting was adjourned at 2:58 p.m.

Tim Potter, President

Jane Hornung, Secretary