

**NEBRASKA COMMUNITY COLLEGE ASSOCIATION
BOARD OF DIRECTORS
Special Meeting Minutes
September 9, 2008**

1. PUBLIC MEETING NOTICE

All NCCA Board of Directors, Area Presidents, and the general public having been duly notified a special meeting of the NCCA Board of Directors was held September, 9, 2008, at Central Community College – Grand Island Campus. President Lynn Schluckebier stated that the public meeting notices were published in the Lincoln Journal Star and Grand Island Independent and the rules for the Nebraska Public Meeting Laws are available for public viewing. The public meeting notices are attached to these minutes.

2. ATTENDANCE

Directors Present:

President Lynn Schluckebier – Southeast
Vice President Merlyn Gramberg – Western Nebraska
Robert Feit – Southeast
Jane Hornung – Mid-Plains
Diane Keller – Central
Dave Newell for Jim Nekuda – Metropolitan
Don Oelsigle – Northeast
Tom Perkins – Western Nebraska
Larry Poessnecker – Northeast
Tim Potter – Metropolitan
Roger Wilson – Mid-Plains

Directors Absent:

William Schneider – Central

Staff Present:

Dennis Baack – Executive Director
Melanie Williams – Administrative Assistant

Also present were: Dr. Greg Smith – Central, Dr. Randy Schmailzl – Metropolitan, Dr. Michael Chipps and Elizabeth Benjamin – Mid-Plains, and Dr. Jack Huck – Southeast.

3. CALL TO ORDER AND QUORUM DETERMINATION

President Schluckebier called the meeting to order at 10:01 a.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 Schluckebier asked for any additions to the agenda. There were none.

MOTION BY TOM PERKINS AND SECOND BY DAVE NEWELL that the NCCA Board of Directors approves the meeting agenda as presented.

A roll call vote was taken.

Voting Aye: Feit, Gramberg, Hornung, Keller, Newell, Oelsligle, Perkins, Poesnecker, Potter, Schluckebier, Wilson

Voting Nay: None

Absent: Schneider

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

5. APPROVAL OF MINUTES

President Schluckebier asked for any corrections to the third quarter meeting minutes. There were none.

MOTION BY TOM PERKINS AND SECOND BY DIANE KELLER that the NCCA Board of Directors approves the August 9, 2008, meeting minutes.

A roll call vote was taken.

Voting Aye: Feit, Gramberg, Hornung, Keller, Oelsligle, Perkins, Poesnecker, Potter, Schluckebier, Wilson

Voting Nay: None

Not Voting: Newell

Absent: Schneider

RESULT: Motion carried ten (10) ayes, no nays, one (1) not voting, and one (1) absent.

6. TEAM 1/LEGISLATIVE COMMITTEE

a. Proposed NCCA Resolution introduced by Metro at previous board meeting

President Schluckebier asked for a motion and second for approval of the proposed resolution so that discussion may be had.

MOTION BY DAVE NEWELL AND SECOND BY TIM POTTER that the NCCA Board of Directors approves the resolution proposed at the second quarter meeting which directs the Council of Chief Executive Officers to begin negotiations to develop and propose a clear, workable, and equitable funding formula to the NCCA Board to present to the Legislature prior to the next legislative session.

Hornung began the discussion by asking if the resolution being proposed to the NCCA board for approval was proposed by several Metro board members and if the entire board discussed it. Potter replied that this resolution was not an agenda item for their board.

Perkins stated that he was curious as to what other boards discussed in relationship to this resolution and continued to state that his board was not in agreement with it. Keller stated that Central does take some hits the first couple of years but feels that the formula needs to be in effect for a few years to see if it will work. They also felt that the system could be significantly at risk if we were to go back to the Legislature asking for something major when so much work was done on the current formula.

President Schluckebier asked for any further comments specifically from the Metro representatives. Potter stated that it was debated at the previous board meeting.

Oelsligle asked for clarification on the vote. President Schluckebier stated that a aye vote would be for directing the CEO council to begin negotiations to develop a new funding formula and a nay vote would be the opposite.

Keller asked the Metro representatives if they still intended to do something with the funding formula as an independent versus as a unified NCCA board. Potter replied that it was in a previous Metro resolution which passed so that stands as passed.

A roll call vote was taken.

Voting Aye: Newell, Potter

Voting Nay: Feit, Gramberg, Hornung, Keller, Oelsligle, Perkins, Poessnecker, Schluckebier, Wilson

Absent: Schneider

RESULT: Motion failed two (2) ayes, nine (9) nays, and one (1) absent.

b. August Metro Resolution

President Schluckebier stated that this item did not need a motion but was for discussion. This resolution passed by Metro gave approval for reduced payment of the college's 2009 NCCA dues. Perkins asked the Metro representatives to clarify how the association has repeatedly failed to represent the interests of Metro and became a

share the wealth association opposed to a mutual protection organization. Newell replied that as the primary author of the resolution he would like the opportunity to answer Perkins. The NCCA board in recent years has taken on this great desire to push more money back to colleges that represent the majority of the board which is not Metro. The association is working against Metro's interests on an ongoing basis and it's clear with this new funding formula that the desire is to redistribute the wealth of the state of Nebraska and push it back to the other districts. Perkins stated that he is getting the feeling that Metro is in serious financial trouble and because of that, Metro is trying to find ways they can get more funding and maybe it would be in their best interest to request an audit to make sure that they are adequately funded. Newell replied that an audit of the entire system might be well in order and it can be evaluated why money goes where and how because this formula is quite complicated. Metro is not afraid of an audit as long as it is statewide and audits everybody especially Western because they could really benefit from that same sort of audit. Potter stated that Metro is not in financial trouble but the objection is that once you compute the total state aid and put it on a per student FTE basis, Metro is getting less than the average while some colleges are getting considerably more and don't feel that is a fair situation. Metro does get audited every year and would be happy to share the audit reports with anyone. Potter continued to state that none of these arguments are new and this last vote which was taken demonstrated their argument that they are not getting fair representation and they feel that they have legitimate concerns with the formula. Keller mentioned earlier that Central takes some hits with how the formula works and he hopes that her administration has run some funding scenarios if the system does not get the 12% increases for the next three years and what will happen to Central if there is little or no increase. Potter then stated that they have raised some legitimate concerns and the board just voted not to even let the CEO's talk about it which he feels is so appalling that this group is so unconcerned with their issues and that is why they feel so dissatisfied because of votes like that and that kind of attitude. Metro is not the only ones negatively impacted by the formula but he doesn't know if other people have their head in the sand or it's a group thing but to vote 10-2 to not even let the CEO's discuss it is a serious slap in the face to Metro and certainly goes no way towards getting their further cooperation with this organization. Keller stated that her vote had nothing to do with Metro but her area's feelings were that it was not the right time to go before the Legislature and ask them for a complete reorganization of the funding formula when it was not allowed to play out for a few years. We should always be open to being fair but we have to be fair across the entire state and unfortunately in the state of Nebraska there has to be some share the wealth because some areas have a better property tax base which why they take more of a hit on the funding formula. Keller continued to state that as a member of Central's board, she has to look at what is not only good for Central but the entire community college system and its students and going back to the Legislature could possible put the system at risk. Potter stated that the system is at risk now. Perkins asked Potter to tell the board why. Potter replied that this Metro resolution regarding withholding dues should indicate that they are unhappy with the situation and the status quo is not acceptable at Metro.

Feit stated that he is unhappy with the way Metro has handled the situation. A series of resolutions have come out of Metro and one had seven non-debatable requirements. Potter stated that they were debatable. Feit stated that at the last board meeting he stated that they were not debatable. In any case, resolutions are being passed stating what they are going to do with a deadline of November 18 for action to be taken by the NCCA board which first met on the issue in August. Feit then asked how this promotes cooperation when the association was not given enough time. Newell stated that from the very beginning the funding formula was created by the Legislature and warmly embraced by the association because it pushed money to everyone except Metro. The association normally negotiates these things and then goes to the Legislature for approval. However this time it was done around the corner by legislators then embraced and Metro has said all along that they did not like it and were opposed to it. Newell continued to state that they have set deadlines because they are not going to let this thing get locked into tradition without fighting this out. Metro is going to go to the Legislature and they are going to fight it out and bring it back to the body that makes the laws. Since this association has no interest in harmony, togetherness, working together, all they want is to grab the money and move on so Metro has no choice but to go to the Legislature and make their statements, points, talk about efficiency, and how the revenues ought to be covered by local control which is a big loser in this whole process. Newell then stated that there were some tight deadlines because they knew where this fight was going to be fought. He never thought there was going to be any negotiations. Newell then stated that he always thought that this fight would go to the Legislature because they are the individuals who make the laws and the association does not get together anymore because it's all about taking the money and running.

Perkins wanted to make a point of clarification that Senator Raikes met numerous times with the CEO's as they were working on the new formula for their input.

Poessnecker stated that his vote was not directed at Metro and asked Newell if it were to continue for another year it would be locked in precedent and there is no change. Newell replied that the system is asking for \$10 million dollars and if money is continued to be thrown at the problem, some people will be happy. The community college system cannot be kept in the dark and ignored, it needs some light shed on it which the Legislature can do. The light is going to talk about efficiency and what the state priorities are. This formula assumes that there is no need for local control and there is a statewide goal and needs that has to be understood and accepted which is a totally different direction than in the past. Newell then stated that he sees state takeover right around the corner because you cannot throw money at a problem and then tell the Legislature to continue to throw money at the problem and then say that we still want local control. Metro wants local control and would like to get back to it as soon as possible. The Legislature needs to know what the policy is and very few people know what it is. Newell stated that he would gladly debate anyone in the room this formula because he believes that it is not well understood and a little sunshine needs to be shed on this whole process. Waiting is not a good thing for the Legislature, Metro, and ultimately the taxpayers of Nebraska.

Keller asked Newell how he thinks that this formula takes away his local control. Newell replied that Metro has held their property tax the same for the last five years and they will need to raise it next year because their state aid goes down. They are being required to tax their local people substantially more in order to do the same thing. This formula and its desire to move money around, takes the money away from Metro and redirects that money and they have to raise taxes and they want to explain it to their taxpayers now instead of next year. President Schluckebier stated that Newell had stated that Metro will get less state aid each year when they will actually get \$3 to \$4 million dollars additional state aid each year. Potter stated that the formula is not up for debate right now and the board is currently discussing Metro's latest resolution regarding dues to the association. This is not the appropriate time to get involved in a debate over the details of the formula because this is not the body to do it in. President Schluckebier stated that that was the heart of the problem. Potter stated that if they were not in favor of local control than why are we community colleges and they can't do what they want to do with their local property tax rate without it affecting the amount of state aid they receive and to that extent they lose local control because of the way the formula works.

President Schluckebier asked the Metro representatives if they can still be members of the association if they refuse to pay their full dues. Potter stated that their legal counsel has looked at that and it depends on the different state statutes concerning the system, association, and Coordinating Commission being looked at but those issues can be addressed in legislation in the next session. Newell then stated that the association is welcome to sue Metro. President Schluckebier replied that that does not make the association look good. Newell replied that the association is not going to look good anyway because there is going to be casualties of this fight. Keller stated that she is sad to hear that this is Metro's position, not really caring about the rest of the state. She continued to state that it was previously mentioned that Metro did not want to raise their property taxes and she thought that was the heart of the issue. Potter replied that they are concerned about being able to control their tax rate whether it is raising them or lowering them and not having it affected by other colleges operations or tax rates. It is not that they don't care about the rest of the state but they would like some fairness in terms of how the dollars are distributed but based on the vote just taken, it shows an unwillingness to even listen. Everyone had a month to discuss it with their boards and the vote is the vote and Metro will just have to do what is in their best interest at this point.

Feit stated that he is sorry that he feels that Metro has not given the association enough time to do what they want us to do in the timeframe they have given us and that is why he felt like the resolution wouldn't work. He doesn't feel that it could be done properly in the timeframe that Metro had set. There is no spirit of cooperation because Metro has said that they are going to do this now and go run with it on their own. Potter replied that Metro felt there was enough time and they did indicate at the March 5 board meeting that something needed to be done about the formula during the next legislative session. The resolutions that followed were all intended to send a signal that Metro

expected something to happen and the deadlines were dictated by the beginning of the session as well as the NCCA board's approval of the 2009 legislative agenda which occurs during the fourth quarter board meeting. So no one should be surprised it is a short timeframe because it is not dictated by the Metro board but by the NCCA schedule and Metro did feel that between August and November there was enough time.

Oelsligle stated that the formula was previously discussed and worked on for two to three years by the CEO's and Business Officers and a solution could not be reached but Metro expects this all to happen in two or three months which is not feasible to him. He does still think that an independent individual who understands the state of Nebraska should come in and review the formula.

Newell wanted to remind everyone that they came here last month and it was very clear at that time that it had been discussed and that we needed more input from our boards. It is a waste of time to be here to discuss this resolution because they knew full well that it would be voted down. There is no desire to try to work this through as an association. Newell continued to state that for over thirty years they have been a member of this association and they have made various concessions in terms of the state aid formula. The problem is that in recent years we have backdoored the process instead of going through the association and we have to undo that and they think it can be undone where they make the laws. They have given up hoping that this association will try to work together to try to accomplish something. Newell then stated that we have leaders who have seen their opportunity and taken it and that leaves Metro no other choice but to do what everyone knows Metro is going to end up doing. To get over in that fight and make sure that everyone understands what's going on and what the real issues are with some issues only being discussed here and that is no longer their goal. Their goal is to fight it out where it needs to be fought out.

Gramberg stated that he has been on this board quite a few times and he's seen some of the information in the resolutions whereas it says that we don't have any concern for local control and for twelve years that has been one of the biggest issues that they have every year. They have to decide how much they need to raise their levy in order to keep their institution functioning and for Metro to come in and say that they don't care for local control hurts them deeply. As he reads through the resolutions, they make general statements that make the rest of the state feel very small but yet they are a part of the state and support it in all the ways they know how. Western is willing to listen but they are not willing to be called names or be looked down upon.

Wilson stated that it appears to him that this has been well organized to put the association under pressure and now Metro has negative votes to take to the Legislature to show them they are not getting any cooperation.

Baack stated that Newell made a statement that this group is going to take the money and run but Metro receives over \$3 million of the \$3.2 million dollars of additional state aid for this year so they should not be accusing the other areas of taking the money and running. It does not happen over the long term and they do get rewarded

for their growth, it does work for their college, it does leave it with the resources needed to run their college. Newell stated that that is exactly why they are not paying their dues because Baack has never tried to be a mediator or tried to make this work. The only thing he has done is taken the money and run which is factual. Baack replied that it is not factual. Newell then stated that if you look at the second year, they were given some tweaks in hope that Metro would stay inside the box but they have said all along that they would not stay in the box because it was not enough. Baack above anyone else knows that Metro has signaled that. There is no surprise on Baack's part and Newell's argument that we've taken the money and run is just as accurate now as the first time he said and it will be just as accurate when he tells it to legislators and other policy makers throughout the state. Baack stated that the numbers don't show that. Newell replied that the numbers do show that and only one year can not be looked at. Baack replied that that is exactly what Newell did at the last meeting. Newell stated that this formula is nearly three years old and it is clear where the money goes and if Baack pretends it is not clear where the money goes, that is a pretense that he will not be able to convince anyone else. Baack stated that he does think it is clear where the money goes and it goes to providing equal opportunity for community college students across the state of Nebraska. Newell stated that \$9,000 was a little to much to pay in dues but others persuaded him. Baack has not represented Metro for a long time and Baack has his own agenda that he will have to explain to the Legislature. Baack replied that he doesn't have an agenda at all and his job is to represent the majority of the association and that is what he does. A couple of years ago, Senator Raikes wanted to lower the fiscal note from \$12 million to \$8 million and Baack told him no because it would hurt Metro. Newell replied that that would have made it clear to his members just what the long term outcome would be and that would have kept them from having to fight this fight continually up to this point. If it would have been clear how this formula would have worked long term, it would have been easier to work with at that time. Baack stated that his guess as to what Metro wants is for them to be able to lower their property tax and have the state cover it. Newell replied that they will be forced to raise their property tax because Baack wants more money. Baack replied that he doesn't get more money. Newell stated that he is talking about Baack because he knows who Baack represents and that is exactly where the frustration is. Potter called for a point of order because this type of talk is against Roberts Rules.

7. POLICY & BYLAW COMMITTEE

a. Policy #3020

President Schluckebier asked the board if they wanted to invoke Policy 3020 and also pointed out that Policy 3025 and Policy 4008 section 1 are not being followed at this time. Policy 3020 was distributed with the agenda and Policy 3025 simply says that the college needs to inform the Executive Director in writing if you are going to take a stance against what the NCCA policy is at that particular time and Policy 4008 section 1 has to deal with member(s) doing something with the legislation that is not NCCA policy and writing a letter to the President and Executive Director informing them of their intention.

Hornung stated that she believes we are committed to starting mediation and following Policy 3020 and making a serious attempt to resolve this difference. It may not be the trail Metro wanted the association to follow but it is a good faith effort to attempt to resolve this. Potter stated that he is not going to recommend to the Metro board to participate in any conflict resolution process because it is clear from the previous vote that Metro is not being listened to and it would be pointless. He doesn't think we should waste Metro's board members or this board's time by engaging in that kind of process when this board has gone on record as indicating that they are not really interested in Metro's issues. Potter then stated that this board did revise Baack's job description to enhance his role as a mediator and it appears that step is being skipped which doesn't surprise him because he has not heard from Baack in the last month and it appears that Baack is not fulfilling that part of his job. Baack was up to Metro prior to the August board meeting but since the August meeting there has been ample reason for some proactive engagement by the Executive Director which hasn't occurred. Potter continued to state that he thinks this is also the board's attitude as indicated by the board vote and he will recommend to the Metro board not to participate because he thinks it would be a waste of time.

Oelsligle stated that he believes that the vote didn't indicate an unwillingness to listen but was actually unrealistic expectations on the resolution that we could not possible comply with in the timeframe they were asking. He believes that no one is opposed to having ongoing discussion. Potter replied that he believes it is just an excuse. Keller stated that it appears that there is also some expectation that negotiation isn't going to work because this board is not going to agree with 100% of Metro's position and that is not the position of negotiation, the position of negotiation is everyone listens to all sides and Metro doesn't want to do that because they think no one is willing to listen to their point. Potter replied that last month he expressed some optimism that the CEO Council could come up with something but they are not even being given the chance.

MOTION BY JANE HORNUNG AND SECOND BY TOM PERKINS that the NCCA Board of Directors enact Policy 3020 which includes a second effort by the Executive Director to meet with the Metro board, if that is not successful the NCCA board will ask the Metro board to receive our representatives, and if that is not successful identify an objective third party to use as a mediator between the NCCA board and the Metro board.

President Schluckebier asked for discussion. Hornung stated that she believes we are committed to follow this policy whether Metro believes it is productive or not, it is still an effort to hear them out. Newell stated that Metro has been criticized for the resolutions they have passed which were intended to let everyone know where they are coming from. They simply say that they think it is time for Metro to move on in hopes that the association is going to resolve their problems or even try. They did make an attempt but the association voted it down and this is a process that he does not have a good deal of hope in. Whatever this board decides to do, he will recommend to his

board that they proceed directly with no deliberation as clearly and methodically as they can to bring this issue to the Legislature. However this turns out, Metro will not slow down their efforts and they will have to discuss whether they will be willing to participate.

Feit stated that he appreciates that the Metro board must do what they feel they must do but this board must follow its policy so that we are doing what we must do. He also does not know if the NCCA board applies to speak before their board if they have the right to refuse us. Newell stated that they do have the right but that doesn't mean they will.

Keller stated that at the board retreat in November of last year, she does recall that the Metro representatives were disappointed that during the last negotiations on the board, the conflict resolution policy was not followed and that was one of the criticisms of the process was that we needed to ensure that we followed our policies as they are established. The Metro representatives were disappointed that they felt like they were not followed to the fullest when the CEO's were having difficulties coming to a resolution on the formula. Keller continued to state that the board agreed that our policies needed to be followed and that should occur at this time.

Dr. Huck stated that if this motion goes forward, the board should also take the initiative to come to a better understanding of the formula and he would offer his assistance to anyone who would like to better understand it.

A roll call vote was taken.

Voting Aye: Feit, Gramberg, Hornung, Keller, Oelsligle, Perkins, Poessnecker, Schluckebier, Wilson

Voting Nay: Newell, Potter

Absent: Schneider

RESULT: Motion carried nine (9) ayes, two (2) nays, and one (1) absent.

Perkins suggested that prior to the NCCA representatives attending a Metro board meeting, they take Dr. Huck up on his offer.

There being no further business, the meeting adjourned at 11:08 a.m.

Lynn Schluckebier, President

Diane Keller, Secretary