Final Minutes
for
an Informal Meeting
of the
BOARD OF REGENTS
September 30, 1998

PUBLIC SESSION

People Present
Board Members
Chairman Manuel A. Sablan; Regent Justin S. Manglona; Regent Teresa I. Taitano, Regent Justice Ramon G. Villagomez, and Regent Abelina Cing Cabrera. Regent Helen H. Abayare was excused from attendance.

College Staff and Faculty
President Agnes McPhetres; Legal Counsel Jesse C. Borja, Esq.; Vice President Jack Sablan; Vice President Tee Abraham; Vice President Barbara Moir, Acting Provost Chas Algaier; Comptroller Harris Lawrence; Faculty Senate President Rik Villegas; Bob Scruggs; Malinda Matson; Malinda Matson; Roger Madriaga; Kohne Ramon; Vince Merfalen; Tinian Administrator Herman Sablan; Ray Mafnas; and Phil Swett. Allen Cameron was present as recorder.

I. Opening Procedures

A. Welcoming Remarks by Chair and Roll Call:

At 1:30 p.m. Chairman Sablan called the meeting to order in the Board of Regents conference room, As Terlaje campus, Saipan, and asked the President to call the roll. As all five members of the Board listed above answered “Present,” the President announced that a quorum of 5 out of 7 was present for the conduct of business.

B. Review/Approval of Agenda:
ACTION #1: It was moved, seconded and unanimously approved to accept the agenda as presented. The Agenda was as follows:

I. Opening Procedures
   A. Adoption of Agenda

II. Old Business
   A. FY 99 Budget: College Revenue
   B. FY 99 Budget: Appropriated Funds
   C. Economic Development Administration Proposal for Business & Tourism Learning Center

II. Old Business:
A. FY 99 Budget: College Revenues: President McPhetres presented the budget that had been reviewed thoroughly and pages were added to provide additional information. Mr. Madriaga, Director of Planning, Budget and CIP, explained the sources of his figures, and commented that the budget was relatively conservative. He expected larger revenue than was projected. Comptroller Lawrence referred to the figures on three fiscal statements (6 pages): (1) Cash Flow Projection with CNMI Assistance for Payroll #20; (2) Cash Flow projection without CNMI Assistance for Payroll #20; and (3) Summary Expenditures / Encumbrance Budget Report, Oct. ’97 through Sept. ’98. Mr. Lawrence said that the surplus of $368,183.44 indicated on the page 4, bottom line, was dependent on the College receiving the $500,000 owed by the Educational Assistance Program.

Mr. Lawrence noted that this most recent payroll #19 was the first time the Governor did not bail us out. Instead we had to pay our own payrolls #19 and #20 from money carried forward to our budget FY99.

Chairman Sablan raised questions regarding fixed costs each month. Bob Scruggs stated that every month fixed costs come to $254,898 on which there is no flexibility. He said we may actually have budgeted only 90%. He added that he has not yet finished his analysis. Chairman Sablan added a question about the feasibility of contracting out administrative services.

Chairman Sablan asked about consolidations, e.g. consolidating all copiers, janitorial services, jobs, and housing. He asked specifically if housing could be put under personnel to cover an anticipated deficit. President McPhetres mentioned that the Board had passed the $10,000 relocation allowance in lieu of housing benefits as well as the reimbursement package for those still using the housing benefit at present.

In response, Mr. Lawrence said that one could move money from personnel to “all others,” but not vice versa. President McPhetres remarked that her major concern was personnel, and perhaps using some savings to increase the salary of employees. She also noted that our CUC bill is paid for by the central Government, and that our retirement is included in the budget. The President then proceeded to explain the budget summary under Tab 1, President’s Office, Instruction, Support Services, Rota and Tinian, etc.

Chairman Sablan said we need standardization of computer hardware and software. He said there will be no re-classification under the FY99 budget. This would go under appropriated funds.

In answer to a question of Chairman Sablan, the President explained the multiple steps in the budget process at NMC. She noted, for instance, that when it was necessary to address the computer Y2K problem, they could do so only by re-doing the budget package.
Answering another question of the Chair regarding making some programs a “paying proposition,” the President showed how the College figured the cost of the University of Guam (UOG) courses, for example, and the tuition comes pretty close to the total cost, and shows no profit which would assist NMC. The Chair asked if our own faculty could teach the courses. The President responded that several of our faculty have been certified by UOG, and could very well handle the courses. She added that more analysis is needed to see whether the Continuing Education program, specifically Community Services, could be more profitable. The Chair stated the principle that money should support the most popular and profitable courses.

Regent Manglona asked if some money could be saved on “per diems,” car rental, etc. The President answered that there is room for some flexibility and re-programming there, adding that we anticipate more revenue because of the $5 increase in tuition, and the forthcoming consolidated fee schedule. She said it has to be found out whether we are subsidizing the services covered by fees or are they paying their own way. The NMC “Internet” could perhaps be included in one particular program. In summary, she said that basically this budget meets our needs. If a program is moved from one department or division to another, its money goes with it.

Commenting on these statements, Legal Counsel Borja affirmed that the College is restricted on the use of “appropriated funds,” but not on the budget we have before us today, which is supported by the College’s earned revenues. Chairman Sablan stated that savings we make on personnel, for instance, stays on Capitol Hill.

Chairman Sablan expressed being worried by the thought of the School of Education as a four-year institution. He would like to agree on distribution by percentages, tying the financial record to the budget. He recommended achieving savings by consolidation with the savings realized going into a “holding account,” from which account money could be drawn by going to the Board of Regents.

Regent Villagomez asked if someone could quickly go through the blue three-ring binder, entitled “FY 1999 Operations Budget.”

President McPhetres introduced Mr. David Atalig, Budget Specialist, to go through the so-called “Tuition and Fees Budget,” broken down by divisions. Mr. Atalig called upon the Vice Presidents along with those Deans and Directors present to explain the details of their budgets.

During the question periods, Regent Manglona asked about water supply, road maintenance and street lighting. The President answered that the water collected from the roofs is only for lavatories, not for drinking; for road maintenance the College relies on the help of the Mayor’s Office, and on CUC for the street lighting.
Speaking of Professional Programs, the President stated that under “All Others,” some programs are supported by tuition and fees, and some by legislative appropriations. The Chair asked that this fact be reflected in these minutes.

When speaking of Administrative Services, the three Directors, Bob Scruggs, Malinda Matson and Kohne Ramon, along with Chas Algaiier for the School of Education, described their area’s responsibilities. The President speaking for Rota and Tinian said that their programs are supported by programs on their respective islands, except for 10% which is kept for administrative costs.

In answer to a question on College enrollment, Mr. Atalig noted that for fall 1997 it was 1141, but for fall 1998 1239. The President added that, in terms of “full-time equivalency enrollment, it was 800 in 1997 and 900 this year,

In the course of further discussion, V.P. Abraham asks that the Board of Regents costs not be cut from the Appropriations Budget. The President noted that Archives, fundamentally a public service to the CNMI and its government, is supported by NMC tuition and fees.

Chairman Sablan asked that no new programs be started without Board authorization, and that there be no new positions in the course of NMC Re-organization. He stated that there was a noticeable decline in alien workers’ fees which consequently reduces funds to 10-66. He said that the next job the College had to do was re-organize and to involve all in the process.

**ACTION #2:** It was moved, seconded and voted on unanimously to adopt the FY 1999 Operations Budget as presented.

**FY 99 Budget: Appropriated Funds:** Following a recess, discussion turned to “Appropriated Funds” and its budget of $7,907,000 for general programs (“operations payroll budget”) and $1,376,200 for P.L. 10-66-funded programs (mostly payroll).

The President announced that she had met with members of the House Ways and Means Committee. She had also written a letter to the Chairman of the House Ways and Means Committee asking for the introduction of legislation for $500,000 from the interest of the Marianas Public Land Trust account. Legal Counsel is to prepare the needed legislation for submission to Ways and Means.

A second request of the College is for a waiver of the 190-day rule requiring the elimination of lapsed positions. The College will not be filling certain positions because of the current fiscal crisis, but would want to retain the FTE position nevertheless.

Chairman Sablan asked that the minutes reflect the fact that he requested the Comptroller to prepare a cost of program information for the next meeting of the Board of Regents.

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Comptroller Lawrence stated that the CNMI government sets aside a quarterly allotment for the College payroll, but dispenses it bi-weekly. He also shared the information that the Educational Assistance Program has set aside $575,000, out of its $4.4 million in educational assistance funds, for NMC students who are enrolled this fall. Perhaps, he said, it appears likely that another $575,000 will be set aside for spring, and another $200,000 for the summer session. He also said that it were preferable for the College to receive these funds at the beginning of the semester rather than at the end. He said the fall money has not yet been paid.

President McPhetres proposed a plan for the Board of Regents to meet with the Governor first, and then with the House Ways and Means Committee members. Chairman Sablan also requested that a meeting be set up with the Chief Financial Advisor to the Governor, Mr. Mike Sablan, and with Ms. Victoria Villagomez, the Head of Planning and Budget. Regent Villagomez asked what was the best time for both Chairman Sablan and himself to meet with Ways and Means members. Several suggestions were made. President McPhetres suggested first the meeting with the Governor and then with Ways and Means.

Mr. Lawrence said that we have to act before January 1999. He added that the debt incurred by the rollback and deferral of annual increases will be paid on the payroll #21 in October 16.

Regent Manglona mentioned the problem that by law the College is responsible for all postsecondary education in the Commonwealth. He noted that there appeared to him to be violation of this law when Financial Aid Office was established away from the College. He wondered whether the College could seek a court decision on the matter. Legal Counsel Borja stated that he did not know how it was done. Chairman Sablan said that he was informed that the Governor plans a meeting with the Educational Assistance Program Board of Directors to be followed by a meeting with the NMC Board of Regents.

Chairman Sablan asked the President if she could set up a date for meeting with the Governor as soon as possible, to be followed by a meeting with the legislators. He summarized his concerns as follows: he wanted

1. to know the name of the Federal Programs coordinator;
2. to know what is being done to market the College;
3. to be assured that the Public Information Officer is receiving sufficient support;
4. the Board of Regents to be really functional: Board members, not only the Chairman, being in communication with the College and all working in one direction;
5. the appointment by the Governor of the seventh and last Regent;
6. to meet with the Governor at the beginning of the fiscal year.
Asking for a special note in the record, Chairman Sablan asked for a cost of program information from the Comptroller for the next meeting of the Board of Regents, which would be October 30.

C. Economic Development Administration (EDA) Proposal for Business and Tourism Learning Center (BTLC): The President reported that she wished to engage an independent person to prepare a grant presentation to EDA in behalf of the BTLC request for $2 million. Since the preparation of the grant would cost the College $5,900, this requires the approval of the Board of Regents.

ACTION #3: It was moved, seconded and unanimously approved to authorize the cost of presenting a grant application to EDA in behalf of the BTLC.

Chairman Sablan requested again that there be included in the record of this meeting his request for information on the Cost of Programs. He asked that this be readied for the next meeting of the Board of Regents.

The President stated that she would prepare a letter for the Chairman addressed to the Chairman of the House Health, Education and Welfare Committee to present a request a meeting between his committee and the Board of Regents at his and the committee’s convenience.

Adjournment: 4:15 p.m.