PEOPLE PRESENT

Board Members: Chairman Manuel Sablan, Regent Helen Abayare, Regent Abelina Cing-Cabrera, Regent Vincent J. Seman; Regent Fermin M. Atalig; and Regent Justice Ramon Villagomez. Regent Teresa 1. Taitano was excused because of illness.

College Staff and Faculty: President Agnes McPhetres, Legal Counsel Jesus C. Borja, Esq., V. P. Tee Abraham, V. P. Barbara Moir, V. P. Jack Sablan; Chas. Algaier, Acting Provost; Malinda Matson; Rick Villegas; Ray Mafnas; Janice Tenorio; George Pangelinan; Melody Actouka; and Jack Angello. Recorder was Allen Cameron.

Others: Leo L. LaMotte, Public Auditor; Dan Nielsen, Special Advisor for Educational Issues; Sheila Amor, Saipan Tribune.

Roll Call: Chairman Sablan asked President McPhetres to call the roll. When six of the seven members of the Board of Regents answered "Present," the Chairman declared that a quorum was present for the conduct of business.

Chairman Sablan recognized the presence of the Public Auditor, Leo LaMotte, and thanked him for responding to the invitation from the Chair to participate in this meeting. Mr. LaMotte acknowledged receipt of all required documents from the Comptroller Harris Lawrence and the Director of Auxiliary Services, Fermina Sablan. Mr. Lawrence promised full cooperation during this audit.

Mr. LaMotte stated that from time to time government-type audits of agencies of the CNMI are conducted with respect to finances (in the College's case, student financial aid and Auxiliary Services, in particular), policies and procedures, and administrative practices. He stated further that the Public Auditor's Office had a backlog of agency requests, and that this audit may take 2-3 months, and at the end the Board of Regents will receive reports to review. Chairman Sablan offered the cooperation of former Comptrollers and the former Legal Counsel, if needed.

Mr. LaMotte responded affirmatively to the question of Regent Justice Villagomez, if the audit would also be looking at Mr. Burger's recent annual audit which had cost about $20,000. He said that the Public Auditor has to dig deep and his audits are different from CPA's. President McPhetres added that the College has the responsibility in the months ahead of beginning preparations for the upcoming Accreditation Self Study, which consumes a lot of the College's energies.
ACTION #1: Review and Approval of Agenda: Chairman Sablan suggested that this meeting suspend consideration of the agenda as modified to limit itself to the following items: financial aid, audit, finances, and the budget call for the year 2000, the last added under XI. Miscellaneous,. The motion so to modify the agenda was seconded, and unanimously approved.

ACTION #2: Review and Approval of Minutes: It was moved, seconded, and unanimously approved to accept the minutes of December 31, 1998, with the following amendment, already contained in a resolution of the Board on 12/31/98, as follows: : It is the understanding of the Board of Regents that the effective date of this Board Policy #5310 shall be retroactive to the fall semester of 1998.

Agenda item III. B. Student Financial Assistance: Recognizing the presence Mr. Dan Nielsen, the Governors Special Advisor on Educational Issues, Chairman Sablan suggested moving immediately to agenda item III. B, Regent Villagomez explained information he had received from the Governor regarding "Student Financial Assistance," was that the recent appropriation by the legislature was done by a "resolution" and not a "bill," and Regent Villagomez offered to change it to a "bill." The bill will cap financial aid at $15,000 instead of $30,000 and will drop the summer 1999 session from financial aid coverage for all. This bill will also set $350,000 as the cap for allotment to the NMC students.

Mr. Nielsen stated that the figure of $575,000 would be the amount of financial aid available to NMC students for the fall 1998. He said the Governor will approve Scholarship Law changes as modified by the legislature. Whether the 1999 spring semester figure would be $350,000, as mentioned by Regent Villagomez, he could not be sure.

Mr. Nielsen indicated that the Financial Aid Office will emphasize financial aid for those in financial need He said that legislation on a whole new system will be completed in June.

Chairman Sablan asks whether or nor the College has to revisit the budget, and rethink the 2+2 program and the use of promissory notes at time of tuition payments by students. He added that the College Financial Office does accept IOU's for tuition and fees, but that the Bookstore cannot do the same.

Mr. Nielsen stated that each agency (including the Financial Aid Office) may re-program funds within its own budget. The problem, he said, is cash flow within the Office itself. There is presently no money in the bank. In the future, he hoped, it would be very different. He said he was pushing for "direct operations" in regard to NMC and emphasizing providing financial aid to those financially needy.

President McPhetres explained the $65 tuition per credit which NMC charges is reasonable, though above the normal cost of community college education in the U.S., and will elicit Pell Grant funds from the Federal government. Mr. Nielsen recommended that students apply first Federal Aid, and the Financial Aid Office will make up the difference for those financially in need. He added that the Scholarship
program for those training to be Teachers will include students in the NMC's B.A. in Education program.

Vice President Abraham said that NMC students were faced with a personal rights issue when they were first included in the Financial Aid program, and then dropped. Mr. Nielsen agreed that the students did not like the two-tiered system, and it will not be reflected in the reformed Financial Aid program. President McPhetres stated that up to the present some students studying abroad are taking the same remedial courses offered at NMC, and are currently receiving financial aid. She called for an end of the two-tiered system.

Mr. Nielsen responded that, except for the Paul Manglona Program, namely Scholarships awarded to high school valedictorians and salutatorians, the emphasis will be on loans from now on. Chairman Sablan suggested that an appropriate structure be devised for the students in the Bachelor's degree program in Education. Mr. Nielsen responded that since it was to be an accredited program in Education, NMC should charge tuition and fees commensurate with the costs.

Chairman Sablan said that there still remains the need to address the NMC remedial program. He said that the Public School System (PSS) should share responsibility, including financial, for its high school graduates in the NMC remedial program. Mr. Nielsen said that the House Health, Education, and Welfare Committee will address the issue of students in remedial programs, both at NMC and overseas.

**Agenda item 11. Chairman's Report: A. Meeting with Rota Mayor:** Chairman Sablan spoke warmly of the cooperation the College has received from the Mayor of Rota, Benjamin T. Manglona, relative to the plans for the new NMC campus and joint library. He stated the hope that Rota will become the regional research center for the NMC Agriculture and Life Sciences program.

Chairman Sablan suggested the need to get others involved and to form a task force for new Capital Improvement Projects (CIP) on Saipan, Rota and Tinian.

Regent Atalig praised the economy involved in dove-tailing the high school and College projects at Tatachok because the village is very congested. President McPhetres said she had asked for a meeting with the Commissioner of Education, the Chairperson of the Board of Education, and the PSS director of CIP to speak about the planning, operation and maintenance of the joint facility.

**Agenda item III. Chair of the Fiscal and Legislative Committee Report:** Regent Villagomez, Chair of the Committee, distributed copies of the minutes if the Fiscal and Legislative Committee meeting of 01/25/99 held preparatory to the 01/29/99 meeting (which had been postponed until today because of the oversight public hearings on 01/28, 01/29, and 02/03 before the House HEW committee.

III. A. Financial Statement: Regent Villagomez asked for an indication of how much money the College has, how much it needs, and if there was any surplus. Comptroller Lawrence responded that he would have that information at the next BOR meeting, since recently his computers have been down. He has provided the
information for reconciliation. President McPhetres said that we would be in the black.

Comptroller Lawrence reported that there will not be shortfall in the payroll for the rest of the fiscal year, since the College plans to move some elements of payroll to general funds. He added that the College will be short of funds in P.L. 10-66 programs but not operations, and that the College will ask the Governor if it can combine general funds with the funds from P.L. 10-66 and so end up in the black.

V.P. Abraham indicated that, as far as she knew, the figure of a shortfall of $1.3 was correct, but that it could be corrected internally by the College.

With regard to the estimate that $575,000 for the fall '98 student financial aid, Mr. Lawrence stated that the full amount would not be available immediately. He said that $255,000 had already been paid, and that the Finance Office had approved the balance of $320,000 and its request was in the Treasury Department awaiting availability of funds. He said he understood that there is new legislation being planned to reform the financial aid program for the future.

Regarding the spring '99 financial aid, Mr. Lawrence reported that he was not aware that agreement had been reached on the figure of $350,000, mentioned earlier in this meeting. Responding to a question of Chairman Sablan, Mr. Lawrence further stated that, due to the retirement or resignation of 38 employees during the first quarter of the school year and the present reorganization of the College, effective this second quarter, plus present projections of receipts, lead him to believe the College will break even by the fiscal year's end. He added this needs to be reviewed in detail, with the Board.

Since there seems to be a need to reprogram $800,000, Regent Villagomez asked if authority to do so can be denied the College. In answer, President McPhetres stated that we can legally reprogram up to 10%, but that the further question remains, 10% of what figure. At this point Public Auditor stated that his opinion was 10% of the amount of the College's budget after reductions by recent government cuts of 13.4% followed by a cut of 1.3%. Regent Villagomez expressed his conclusion that any surplus would be dependent on receipt of financial aid money and tuition and fees.

Mr. Nielsen stated that what is important is how the money picture looks to the Finance and to the Management and Budget Office. Personnel costs are considerable, and will still be a problem next year. He stated that it is not a good practice to reprogram to cover personnel costs in the vocational area which have been in the red for years. President McPhetres responded that someone had to tell the Board of Regents which programs should be cut for the next fiscal year.

Chairman Sablan said that the College's payroll cuts should be matched by similar CNMI agencies' personnel cuts, and that now is the time to decide. He stated further that he did not feel comfortable at the oversight public hearings. A continuation of the oversight hearings was scheduled for February 17.
Regent Villagomez asked why there was a deficit of $800,000 in the vocational education area. President McPhetres responded that the Legislature has never adequately funded P.L. 10-66, and yet the programs were mandated by law. The Legislature has authorized $3 million, but has provided only $1.3 million to support the vocational program, and there were further cuts in this amount. She asked, “Which programs should the College eliminate?”

Chairman Sablan summarized problems with the financial aid program, and then the College has gone through its reorganization to further reduce costs. He stated there appears to be a need to revisit the educational programs to satisfy the Legislature. Regent Villagomez asked if the Legislature can impose by law on the College to have certain programs, which the Board of Regents thinks should be cut. He said that this issue has not yet been answered.

Legal Counsel Borja responded that this is not a new problem. The Legislature can also make policy for the whole CINML. Mr. Nielsen stated that, in his mind, if the it is a government program, the government should fund it adequately.

At 12 noon, a recess was declared with reconvening set for 1:30 p.m.

PEOPLE PRESENT for the afternoon session:
Board Members: Chairman Manuel Sablan, Regent Helen Abayare, Regent Abelina Cing-Cabrera, Regent Vincent J. Seman; Regent Fermin M. Atalig; and Regent Justice Ramon Villagomez.

College Staff and Faculty: President Agnes McPhetres, Legal Counsel Jesus Borja, Esq., V.P. Barbara Moir; V.P. Tee Abraham; V.P. Jack 8ablan; Ray Mafnas; Melody Actouka; Jack Angello; George Pangelinan; and Faculty Senate President Rick Villegas. Recorder was Allen Cameron.

Chairman Sablan opened the session announcing that a budget call has been issued with a deadline of February 23.

ACTION #3: It was moved, seconded and unanimously approved to suspect the remained of the agenda and to go directly to the item Budget Call for the year 2000 under XI. Miscellaneous.

XI. Miscellaneous: Budget Call for the Year 2000: President McPhetres indicated that she had issued a letter memo to the Vice Presidents and the Deans sending everyone back to the drawing board and providing them with a estimated ceiling for the programs for which they are responsible. She requested an "Operations" Budget they can live with. She also indicated that we cannot take money from "OPS" for P.L. 10-66. She said we should ask the Governor where he would suggest that the College make cuts.

The President listed the following as parts of the Vocational Education program: (1) School of Education; (2) Nursing; (3) Public Safety (already cut); (4) Human Resources Development: Business Development Center; and (6) the Work Study Program.
Regent Villagomez suggested keeping (1) and (2), and cutting all else. The President noted that $2.8 million is needed for P.L. 10-66. Chairman Sablan stated that by his figures, the College was short $1.7 million, and asks for recommendations for cuts. V.P. Moir said that a problem arises with regard to students who have already completed one year of their two-year course of studies. President McPhetres said that unfortunately some will lose their jobs. She has received a verbal message word from the Planning and Budget Office that the 2000 Budget should be 2.7% to 2.8% less than the 1999 Budget. She added she needs a letter to that effect, since she will not rely on a mere verbal message.

V.P. Abraham suggested that the Legislature provide $1,1 million for Voc. Ed. without P.L. 10-66 Identification, and let the College decide where it goes. President McPhetres said that two cuts have already been made at the Governor's request, (1) 13.4%, and (2) 1.3%, and then the further possible cut of 2.7 or 2.8% as received by verbal message from Planning and Budget mentioned above.

Looking ahead to the NMC Budget for FY 2000, Chairman Sablan stated that it appears the College will have to cut its programs by 2.8%. Speaking of tuition costs at NMC, President McPhetres said that the $65 per credit we charge, when compared with community college tuition in the U.S., may seem large, but one must recall that in the U.S, community colleges are heavily subsidized by local government allowing them to charge in the area of $25 per credit. She added that tuition will be $80 per credit for those in the B.A. in Education degree program.

President McPhetres also presented the idea of Agriculture and Life Sciences presenting its "plan of work" to the Department of Agriculture in April and including programs in the area of mechanical arts, and the like.

Chairman Sablan stated that he would like to meet with Comptroller Lawrence, Regents Villagomez and Seman next week to prepare for the oversight public hearing public on February 17.

At 2:15 p.m. the Board went into Executive Session until 3:30 p.m.

Upon resumption of the open meeting, attended by the Board members, except for Regent Taitano. The Legal Counsel and V.P. Barbara Moir were also present.

President McPhetres began the discussion by stating that to live within the FY 1999 Consolidated Budget Summary, which she presented to the Board this afternoon, it will be necessary to transfer from General Funds column to the Tuition/Fees column in the amount of some $475,000, though she feels that $313,000 would be a more accurate figure to use. The NMC payroll amounts to $10.6 million, including in addition Federal money and money from Special Grants. Chairman Sablan asked how good our estimate is for Tuition and Fees. President McPhetres answered that the estimate is very good, since full-time student enrollment figures are up for this spring semester.
President McPhetres suggested that it is known that $350,000 will be forthcoming to tuition and fees from the Financial Aid program to students this spring. She would recommend for the future providing financial aid based on a student's need, and taking into account Federal Pell Grants.

According to the President's figures the appropriation for Personnel (all except P.L. 10-66 employees) for FY 1999 will be cut from $7.9 million to $6.8 million. To remedy the $1.1 million shortfall and to prevent any reductions in force or salaries, the President proposed reprogramming Tuition and Fees from $0 to $475,00 in the category of Personnel. This would be done by reducing expenditures in the categories of Travel, Equipment, Supplies, Contractual Services, Construction, Student Expenses and Other. She presented to the Board the changes in a document entitled FY 1999 Consolidated Budget Summary.

**ACTION # 4:** It was moved, seconded and unanimously approved to approve the reprogramming of $475,000 as a maximum in the Tuition and Fees account to Personnel, and thereby decreasing the amounts in the other Tuition and Fees categories, such as Travel, Equipment, Supplies, Contractual Services, Construction, Student Expenses and Other.

Chairman Sablan proposed postponing the Public Hearing on the "State of the College" originally scheduled for March 5, 1999.

There was consensus on holding the next regular Board of Regents on Thursday, February 25 at 10:00 a.m. in the Board of Regents conference room.

Final Adjournment: 3:45 p.m.