APPROVED MINUTES
for
the Special Meeting
of the
BOARD OF REGENTS
on
MARCH 12, 1999

PRESENT: Regents Sablan (chair), Villagomez, Taitano, Abayare, Cabrera, Seman, President McPhetres

ABSENT: Regent Atalig

GUEST: Dr. James Leach, WASC Accreditation Commission Representative

CALL TO ORDER: 1:37 p.m.

AGENDA ITEM ONE: BUDGET

MOTION: To approve the FY 99 budget. (Regent Villagomez)

SECOND: For purposes of discussion (Regent Seman)

DISCUSSION: (Regent Seman) Requested budget figures were received just prior to the oversight hearing this morning. Although there was little time to review the figures for consistency with prior expenditure/budget information, it was clear that the college has not lived within the budget which was set. Last year’s budget (what category?) was $269,000, while expenditures were approximately $744,000.

Budget Officer David Atalig explained that anticipated receipts from the Dept. of Finance and OMB were based upon an assumption that amounts for FY 99 would equal those for FY 98. This proved not to be true, and the amount authorized was considerably less than what was needed, and anticipated in the budget, in order to cover payroll. Thus PP 19 and 20 were paid from tuition and fees revenues:

- approximately $400,000+ ops
- $130,000+ 10-66
- $160,000 adjunct and overload

REC. Chairman Sablan recommended that figures reflecting the actual financial situation for FY 98 be provided immediately. These figures must be reviewed in order to plan and make intelligent decisions regarding the budgets for FY 1999 and 2000. The Comptroller stated that he would provide those figures (no date specified).
Regent Seman asked if the budget was based upon anticipated tuition and fees or anticipated expenditures. Budget Officer Atalig responded that the budget is based upon both. In FY 98 NMC received $2.3 million; this year the budget was projected at $2.2 million in order to be conservative. According to the Comptroller, tuition and fees billings at this time are close to $2 million; the summer session revenues have not yet been received and factored in.

Financial Aid/Budget Issues: Special Assistant for Education Dan Nielsen asked what portion of the revenue projection was based upon financial aid. Budget Officer Atalig stated that the preliminary proposal of $1.5 million was based upon an assumption that financial aid availability is unknown at this time; thus no detailed projection was included in the budget submission.

Mr. Nielsen recommended that NMC staff meet immediately with Vicky Villagomez of OMB. The $4 million previously allocated for scholarship aid has been reduced to $2.5 million, which is being further revised to $2.1 million, of which

- 200,000 administrative cost
- 300,000 Paul Manglona Scholarship

Revised amount available to students in both CNMI and stateside schools: $1.6 million

The Comptroller estimated that possibly as much as $750,000 of the $1.5 million budget projection will be derived from PELL grants.

REC. Chairman Sablan recommended consideration of the performance budgeting model now being reviewed for adoption by OMB; he emphasized the need for a comprehensive budget pegged to outcomes, with historical data on expenditures and the assumptions, by category, on which projections are made.

Mr. Atalig remarked that currently there are two budget processes: one for appropriations, another for Tuition and Fees revenues.

DIRECTIVE: Chairman Sablan directed Mr. Atalig to adjust the current budget figures, to include the Tuition and Fees to cover Personnel shortfalls, and then to meet with Regent Seman and the Finance Committee of the Board and with Vicky Villagomez (OMB) and Lucy Nielsen (DOF). Chairman Sablan noted that the budget should not assume any EAP. If EAP funds are received, it will allow NMC to do more.

Mr. Atalig agreed to do so.

Regent Seman asked if the projected (Tuition and Fees) budget of $2.26 million was indeed a conservative figure. The comptroller, Mr. Atalig, and the President agreed that revenues of $1+ million in Tuition and Fees were generated for Fall 98;
$900,000 (approximately) have been generated thus far for Spring 99; $300,000 historically is received for summer session.

Regent Seman urged that the Board and NMC administration commit to a minimum amount of expenditures while maintaining quality of services.

The President noted that under the Office of the President, account category 68070, $103,000 are reserve funds, a contingency in case NMC does not receive from DOF/OMB what was anticipated. If the projected, budgeted amount is indeed received from DOF/OMB, the funds identified in that category will not be spent.

Chairman Sablan noted that there were still some personnel issues to be addressed.

MOTION Regent Seman moved to pass the motion to accept the FY 1999 budget.

ACTION # 1 VOTE Motion carried unanimously.

REC. The President recommended that the BOR Finance Committee meet with her and the NMC Budget and Finance personnel next week, to prepare the report for OMB.

REC. Regent Seman, noting that the college was now halfway through FY 99, recommended that the Finance Office prepare a monthly breakdown of revenues and expenditures and then project for the remaining months of FY 99.

EXECUTIVE SESSION The BOR and President adjourned to Executive Session prior to addressing meeting topic #2, Reorganization, at 2:25 p.m. Dr. Leach joined them in session, at Chairman Sablan’s request.

RECONVENE The regular session of the BOR meeting reconvened at 3:43 p.m.

Regent Villagomez noted that the BOR had just been informed that an additional 2.8% budget cut would be required, that would further impact the just-passed FY 99 budget. Therefore, the college must reorganize and cut back expenses and positions.

MOTION That the Board of Regents direct the President to propose to them a reorganization of the management of the college,

...to reduce the number of Vice Presidents from three to one;
to examine the entire management structures and determine if any areas can be eliminated; and

to identify what divisions or sections of management we can live without.

The President is to present this reorganization report to the Board of Regents by 3/22, for the BOR to review and recommend to accept, change, or seek additional studies.

SECOND Regent Seman seconded and asked that the motion should include: designation of one acting VP to see to day to day management of the college.

DISCUSSION BOR members agreed that if only one VP, the President will designate the person to occupy that VP position and that the President also will be authorized to delegate the functions which that VP will have.

**ACTION #2** VOTE Motion carried unanimously.

NEXT MTG. A Special Meeting will be held on March 22 at 10:00 a.m. The President's reorganization report is due at that time. The Personnel Committee will meet immediately following.

Next regular BOR meeting: March 26, 1999

Respectfully submitted: Melody M. Actouka, Recorder