



Governing Board's Finance and Audit Committee

Friday, August 26, 2022

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Ken Marcus (Chair-Elect), David Bea (Ex-Officio), Laura Ward, Jesus Manzanedo, Demion Clinco, Maria Garcia, Kathleen Witt, Agnes Maina (Ex-Officio), Keri Hill (Recorder)

Not in Attendance:

Scott Odom (Chair), Ben Tuchi

Guests:

Nic Richmond, Vice Chancellor for Strategy, Analytics and Research; Jose Saldamando, Internal Auditor; Brandye D'Lena, Assistance Vice Chancellor for Facilities

General Matters

1. Call to Order

Chair-Elect Marcus called the meeting to order at 9:01am, noting a quorum was met.

Action Items

2. Approval of Minutes from June 17, 2022

Chair-Elect Marcus asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

Motion No. 202208-01: Approve Minutes from June 17, 2022

First: Laura Ward

Second: Jesus Manzanedo

Vote: Motion passed unanimously (Marcus, Ward, Marcus, Clinco, Manzanedo voting in favor)

Motion Carried.

Reports and Feedback

3. Strategy, Analytics and Research - Enrollment Update (Nic Richmond)

Dr. Richmond introduced her report, providing an overview of the 2021-2025 Strategic Plan, Achieve60 AZ, and the Institutional Targets. She continued with observations about the population of Pima County and the impact of these demographics on potential community college enrollment. Competition is also a factor, with Massive Open Online Courses, Americans' perceptions of the importance of college, and declining birth rates.

The pandemic significantly impacted the rate of decline in enrollment at the College, which is consistent with trends nationwide. However, Fall enrollment is up about 8.72% compared to the prior year, giving an optimistic outlook for the College.

Ms. Witt joined the meeting in progress.

Dr. Richmond continued with an analysis of the demographics of Fall 2021 and Fall 2022 students, noting the areas the College will target for recruitment efforts and Achieve60 AZ completer counts. She continued with enrollment (defined as the count of classes taken by students) and how it is distributed in Fall 2022 across the academic divisions vs. Fall 2021. Online enrollment is still increasing, indicating strong interest in this methodology as the College ramps up its in-person offerings.

There is a 39% increase in new to higher education students at Pima, compared to a one percent increase for continuing or returning students. This speaks to a need to engage more effectively with adult students, not just for enrollment but also to impact the lives of those in the community.

The College tracks progress measures across cohorts as part of the Voluntary Framework for Accountability (VFA). This data includes fall to next-term retention rates, first term no success, retention, completion, and transfer rates. Dr. Richmond shared the different methodologies utilized to review this data as the College continues to understand the trends and identifies the areas of strategic focus.

Chair-Elect Marcus asked about the comparisons to peer institutions. Dr. Richmond described the federal reporting and the information gathered from the National Student Clearing House; Fall 2022 data has not yet been released. Data will also be compared with the in-state community colleges.

Ms. Witt asked about coordination with the business community and ensuring that adult learners and industry certificates meet local needs. Dr. Ian Roark leads the College's Workforce Development efforts, which include occupational advisory committees that will take feedback from the industry and implement that into the curriculum. Dr. Richmond provided an example from her experience in her previous role as a Dean at the Downtown Campus. Dr. Bea provided an additional example related to the new Automotive Center at the Downtown Campus; feedback from business and industry leaders heavily influenced the facility's construction, and the advisory groups have provided meaningful input on the curriculum. As an employer in Tucson, Ms. Witt spoke about some of the challenges she has hiring employees with the right skill sets.

Ms. Garcia asked a few questions of Dr. Richmond. Related to the definition of credentials, those refer to traditional completion points like a degree or certificate; the College is exploring offering other credentials that, for example, may be provided by an outside entity. Regarding data and the community, the College recognizes that many students will remain in the community, and new dashboards will be created in coordination with the economic development office in Phoenix. Dr.

Richmond also described the methodology associated with the two-year cohorts for the VFA. Lastly, the College should continue to improve pathways to transfer to a university. Ms. Garcia concluded her questions by asking about connections with the University of Arizona, as many are not prepared for higher education, and there may be opportunities for the College to assist these students better.

With no further questions, Dr. Richmond concluded her report.

4. Internal Audit (Jose Saldamando)

Mr. Saldamando introduced the Third Quarter Update from the Office of the Internal Auditor. He began with the general department update, reviewing the status of actions to address findings in open audits and the progress on the co-sourced audits for Information Technology (IT) and Key Controls. The Arizona Auditor General is currently engaged in its annual audit of the fiscal year ended June 30, 2022.

He continued with the other activities from the third quarter, including attendance at the Security and Access Control Work Group and professional development opportunities.

Regarding the audit recap, there are currently 13 items closed and six to be addressed across the open audits. Mr. Saldamando described the current efforts to resolve the open items. The Detail Audit Plan and Important Compliance and Guidance Items were shared.

Ms. Garcia asked about Hispanic Serving Institutions, and Mr. Saldamando stated that there could be an opportunity for inclusion in the upcoming Enrollment Management audit.

Ms. Ward inquired about the risk level associated with Information Technology General Controls Audit. Mr. Saldamando said that out of 21 observations noted, there were three high, ten medium, and eight low risk items. The risk rate will also be provided with the Executive Summary issued by the Internal Auditor. Dr. Bea stated that additional conversations would happen with this Committee on IT in the near future. Ms. Ward also inquired about governance, as this element impacts institutions, including their credit ratings.

5. Facilities Projects and Centers of Excellence Updates (Brandye D'Lena)

Ms. D'Lena introduced herself as the Assistant Vice Chancellor for Facilities and began her report on the Centers of Excellence (COEs) and other projects. Updates included the following:

- Advanced Manufacturing Building: will soon host an event with the PCC Foundation.
- Aviation Technology Center: almost completed.
- West Campus Allied Health: currently in design development and engaged with a construction manager at risk. The design will reflect Sentinel Peak, and the College is engaged with local historians on the design abatement.
- West Campus Science Labs: major HVAC and piping are complete, as well as underground utility work. Construction is approximately 70% and is planned for completion in October

2022. This project encountered unforeseen circumstances and has been dramatically impacted by supply chain and other escalation issues.

- Desert Vista Campus Culinary: a Title V grant partially funds this project. It includes a Bakery Pastry Kitchen and a Bistro.
- College-wide Trane Project: will create a living lab for students to be trained on the controls. The project will upgrade College HVAC and further sustainability efforts.
- College-wide Honeywell Project: the College is installing perimeter card readers at all campuses and securing access controls.
- College-Wide Electric Vehicle Charging Stations: continuing sustainability efforts and collaborating with Tucson Electric Power.
- Downtown Campus Hotel Properties: architect and construction manager at risk are both under contract, with design kick-off anticipated this Fall.
- Tucson Inn Sign Restoration: in coordination with Thrive in the '05, this is progressing through historical evaluation and approval.
- Truck Driving Modular Replacement: extensive repairs and replacement of modular units.

Ms. Ward inquired about the epoxy flooring at Aviation and the rationale for selecting it. Ms. D'Lena stated that tiled floors would not support the heavy equipment. Further, epoxy is less porous than concrete and will remain cleaner.

Ms. Garcia asked about the total expenditures for each project, especially considering cost overruns. Ms. D'Lena spoke about future items that will be submitted to the Governing Board for action.

With no further discussion, Ms. D'Lena concluded her report.

6. CFO Update (David Bea)

a. Enterprise Risk Management - August 2022 Report

On behalf of Mr. Parker, who is attending a session with the Arizona School Risk Retention Trust, the August 2022 report was provided for information. Dr. Bea stated that the College is continuing to work to evaluate risks and incorporate them throughout processes, and ERM will develop the framework.

b. Revenue Bonds

The inception to date report on the revenue bonds was presented as information. A future meeting of this Committee will be held at the new facilities at the Downtown Campus.

c. Classification and Compensation Study Update

As discussed with this Committee in June, the College has implemented a new classification and compensation structure. Dr. Bea provided a brief overview of the challenges with the previous system and its impacts on hiring and retaining staff in certain areas, as well as with salary compression for existing employees.

Ms. Witt departed the meeting.

Dr. Bea continued with a description of the implementation of the new structure and how employees were placed. To address the pressures of inflation, a minimum adjustment of \$2,000 over the prior fiscal year was provided for employees not placed at a new market salary. The College continues to work through the implementation challenges, and there is an ongoing communication effort.

Mr. Clinco departed the meeting in progress.

An Appeals Process has also been implemented and will be open through September 30, 2022. Approximately 200 appeals have been received to date, with about half already resolved. Issues range from calculations of years of services to title changes and updates to job descriptions. The College was fortunate to have the resources via Prop 481 to implement this new structure.

d. Three-Year Budget Plan for Fiscal Years 2024-2026

The College will have ongoing costs related to classification and compensation, and sustainability of personnel costs will be folded into the three-year budget plan. Deferred maintenance needs will also be folded into the budget as new facilities come online.

Information Items

7. Future Agenda Items

- a. Marketing and Enrollment
- b. Workforce Update
- c. Adult Education
- d. Office of Dispute Resolution
- e. Space Usage

Adjournment

The meeting adjourned at 10:49am.

Next Meeting:

October 21, 2022

Virtual Meeting - Zoom Webinar