MINUTES: March 27, 2014

MEETING: Daytona State College
District Board of Trustees

PLACE: Daytona State College
Daytona Beach Campus
Building 100, Room 402L
1200 W. International Speedway Blvd.
Daytona Beach, Florida

PRESENT: Dr. Carol Eaton, Corporate Secretary/President
Mrs. Mary Ann Haas, Chair
Mr. Lloyd Freckleton, Vice Chair
Mr. Bob Davis
Mr. Stanley Escudero
Dr. Christina Frederick-Recascino
Mr. Brad Giles
Mrs. Forough Hosseini
Mr. Garry Lubi

ABSENT: Mrs. Betty Holness

Board Workshop began 1:09 p.m.
Roll Call: Dr. Recascino and Mrs. Holness were absent. Mr. Giles was absent during roll call but arrived after the start of the workshop.

Dr. Eaton explained the workshop was a result of questions that came up at the February 2014 Board meeting. The first item for review was the request to increase the News-Journal Center Scene Shop/HVAC Improvements project budget and how the Board asked staff to stay within the original budget established for the Guaranteed Maximum Price (GMP), which was $2,032,845, and keep the same scope and functionality of the project. She shared staff met with the construction manager and was able to stay within the budget by changing some materials but would not reduce the quality.

Dr. Eaton explained the second topic was the remodeling project for building 2 on the Flagler/Palm Coast Campus and to provide answers on funding and how projects are identified and fit into the broader plan. She reviewed how staff had been working on this remodeling project as part of the Deferred Maintenance and Renovation Project (DMRP) list and funding for projects on this list are through Fund 7 but are separate from the available fund balance for the new building. She explained that projects over $50,000 or new construction are required by statute to be designed by an architect or engineer. Projects under $500,000 are on the DMRP list and those over $500,000 are brought to the Board for approval. Projects added to the list are those that would increase enrollment such as new programs, and shared examples that included the
Flagler/Palm Coast Building 2 renovation. Other types of projects on the list are those that improve utilization or retention of students, and shared examples of these. She shared other projects added would be those that improve energy efficiency or decrease maintenance efforts and discussed examples that included replacing inefficient lighting and retro commissioning. Mr. Giles explained the importance of using raw data (watt to watt) to see the actual savings. Mrs. Hosseini discussed implementing changes if cost savings occurred within 1-3 years; establishing a team to look at energy consumption; building green; and utilizing solar panels. Dr. Eaton reviewed how projects are placed on the list which included Facilities Services recommendations, needs of faculty and administration, and recommendations from the Utilization Committee and student government. Reviewed funding sources available for these projects which included Public Education & Capital Outlay (PECO), Capital Outlay & Debt Service (CO&DS), special appropriations, general revenue/lottery, Sum of the Years Digits (SOYD), capital improvement fee and gifts/grants.

Dr. Tom LoBasso, Chief Operating Officer/Provost, reviewed the tracking of construction and maintenance funding received since 2011/2012 and discussed PECO funding which must be spent within three years. He reviewed program utilization for the Flagler/Palm Coast Building 2 renovation and the need for an additional science lab contiguous with the others, in addition to moving the Assessment Center from building 1 to building 2. Mrs. Hosseini explained her issue was not with the funding for the renovation but would like to see the long term comprehensive plan for the regional campuses. Dr. Eaton suggested bringing in the master site plans for the regional campuses that were developed with the Board in 2012 to review and how this would also be helpful for the new trustees who were not part of that process. Mrs. Hosseini agreed and suggested the April 11, 2014 retreat could be utilized to review this material. Dr. LoBasso indicated the Facilities Planning Advisory Council could begin looking at the regional campuses since their main focus has been the Daytona Beach Campus. Mr. Davis reviewed committee structures and this may be something the Board would want to consider. Dr. Eaton explained since her arrival the Board has operated as a committee of the whole but this is something the Board could consider.

Board Workshop adjourned 2:03 p.m.

Board Meeting began 2:10 p.m.

Distributed prior to the start of the meeting: Revised 2/27/14 Regular Board Meeting Minutes (Page 22). Made an official part of the minutes as Supplemental A: 1/30/14. Fast Facts at Daytona State brochure. Made an official part of the minutes as Supplemental B: 1/30/14.

I. CALL TO ORDER
Mrs. Haas called the meeting to order at 2:10 p.m.

II. ROLL CALL
Mrs. Holness was absent.
III. PUBLIC PARTICIPATION
Mrs. Haas inquired if there were any members from the public that requested time to appear before the Board. No requests had been received.

IV. PUBLIC HEARING – POLICIES
A. Approval of Second Reading College Policy 6.16: Employment Contracts
Mr. Brian Babb, College Counsel, explained the policy revision is being driven by a new State Board of Education rule on continuing contracts. The continuing contract policy language mirrors that of the State Board and addresses criteria for awarding continuing contracts and post award performance.

MOTION: (Hosseini/Freckleton) The District Board of Trustees approve the final reading of Policy 6.16 Employment Contracts, as presented. Motion carried unanimously.

B. Approval of Second Reading College Policy 6.45: Workforce Violence
Mr. Babb explained the policy revision is a result of a University of North Florida lawsuit where weapons shall not be prohibited if they are securely encased in a motor vehicle unless otherwise prohibited by law.

MOTION: (Hosseini/Davis) The District Board of Trustees approve the final reading of Policy 6.45 Workforce Violence, as presented. Motion carried unanimously.

C. Approval of First Reading College Policy 7.10: Requirements for Entry Level Assessment and Remediation Options
Dr. Eaton explained the policy revision is due to legislation and State Board of Education rule that incorporates a number of changes in developmental education. The College’s Developmental Education Implementation Plan, approved at the January 2014 Board meeting, addressed these changes and has been submitted to the Chancellor’s office.

MOTION: (Freckleton/Recascino) The District Board of Trustees approve the first reading of Policy 7.10 Requirements for Entry Level Assessment and Remediation Options, as presented. Motion carried unanimously.
V. CONSENT AGENDA
   A. Approval of 2/27/14 Regular Board Meeting Minutes
   B. Approval of Affiliation Agreements
   C. Approval of Agreements
   D. Approval of Budget Amendments
   E. Approval of Grant Application
   F. Approval of Human Resource Recommendations

Mrs. Haas asked if there were any items trustees would like pulled from the Consent Agenda for further discussion. No requests were made.

MOTION: (Hosseini/Freckleton) The District Board of Trustees approve the Consent Agenda. Motion carried unanimously.

VI. TIME RESERVED/PRESIDENT
   A. President’s Update

   Dr. Eaton remains active in the community and highlighted her activities since the last Board meeting which included attending the Daytona Beach Chamber Leadership Development Reception, Team Volusia Board of Directors Meeting, and touring the Hope House. She was guest speaker at the Women’s History Luncheon at the Tomoka Correctional Institute and Leadership Development Institute I Class. She participated in a taping with the City of Deltona; interview with Florida Trend; Marc Bernier’s Town Hall Series; and an Emergency Response Exercise at the College. She shared of an appreciation event hosted by the College for the News-Journal Center volunteer ushers. A new trustee orientation was held and an updated trustee resource manual was provided to all trustees.

   Dr. Eaton explained in the morning there was a College Town Hall and read her comments into the minutes from the meeting regarding decisions that have been made.

   “Yesterday was a very difficult day for this institution. A number of individuals were notified that their contracts are not being renewed as of June 30, 2014. Before I review what has transpired, let me offer some important background.

   From the day I started at this college, some two and a half years ago, I knew there were issues with the budget with the unpredictability of enrollment and state revenue. In fact there were many issues that the Board wanted resolved as quickly as possible.

   With their support, we found solutions for the $1.5 million loss from the music festival; concerns raised in state and federal audits, such as processes in financial aid, including the way we were handling student loans and others items.
I immediately restructured and reduced senior staff; we restructured WDSC; we restructured the Foundation and contracted with a new financial advising company to manage the investments of the Foundation funds.

Once some level of stability was realized, we continued to tackle issues as they came up in relative importance and impact on the institution. As the enrollment bubble from the recession continued to deflate, we looked at ways to cut costs while developing additional paths to enrollment. As you know, we started three new programs this Fall and Spring – the Associate Science degree in Interactive Media and the bachelor degrees in Nursing and Information Technology, which by the way are off to a good start.

But, over the past two years, we have been keenly aware that we have a structural problem with our budget. Our personnel costs were high and enrollment continues to decline. We implemented a number of steps to correct the situation and save money wherever possible. We cut operating expenses – things such as travel, professional development, equipment purchases and other non-recurring items. This past year we joined the statewide consortium in order to provide quality health care benefits at a lower cost to employees and to save money for the College. In FY 2011-2012, we froze $1.8 million in positions and again in FY 13-14, we have frozen 26 positions saving about $1.3 million. And still for the last two budget cycles, we have had to fill a gap in the budget by using funds from our reserves, or savings. This model cannot be sustained.

As you know, also in the last few years there has been a national push for more accountability in public higher education. In our own state, the public K-12 system and the university system have had new performance funding models. This year, the Governor stated that he would give new dollars to the Florida College System through a performance funding model.

The model that has been developed no longer emphasizes enrollment; it focuses on graduation rates, completion and the cost of education. So we will need to look at these new measurements and be sure we are addressing them. In fact, we have always addressed them, and have taken some steps in these areas already. You will remember we selected our SACSCOC QEP topic – SOAR (Students Optimizing Academic Resources) based on the need to improve retention rates. Even more recently, in order to address the variables that focus on student retention, graduation and completion, we have re-charged the Retention Committee. We also knew our cost of instruction was high, so last Fall you will recall we took significant steps to restructure the supplemental pay for faculty –
and I want to thank those that worked on that committee, a group of faculty and administrators, who came forward with savings in that area. Our preliminary look at the 2014-2015 budget showed we may have another shortfall. We cannot close the structural gap in our budget by using savings. So these steps that I have just outlined that we had previously taken will not be enough.

I am sharing with you decisions we have made and the action we have taken in order to affect a change in our cost structure. We framed these business decisions around our mission: that Daytona State College remains clearly focused on student success. Embracing the “one college” concept, we looked for areas of duplication.

Over the years the College had the philosophy that the services for students in the Adult Education area needed to be decentralized to serve those students. The adult education area has recently seen significant changes imposed on us legislatively. For example, we were required to change the way we calculated FTE for these students and more recently, we have been required to charge a fee and collect residency information. These two actions alone caused drops in enrollment in that particular area and because there were positions within Adult Education whose functions are done elsewhere – we are restructuring that area. There were seven full-time and four part-time people that were notified that their contract will not be renewed.

In addition, we are combining oversight of the College of Education with the College of Business under one associate VP. Several positions in the Business area have responsibilities which duplicate other areas in the College and a total of seven people in the Business area are affected.

Other areas affected by any non-renewals are: one in Governmental Relations; one in Employee Benefits; one in the Vice President for Academic Affairs office; and one in the Center for Women and Men. This is the entire list of positions affected. These decisions and this action have been extremely difficult, but I wanted to meet with you today to personally explain to you why these actions were necessary.

So what is ahead and how do we move forward?

Well as painful as this is right now, I want to assure you that decisions have been made with the better future interests of our students and the College in mind. We cannot continue to spend our reserves to balance the budget. While these are the only non-renewals and reorganizations at this time, we will continue to monitor our budget, hold on hiring whenever possible and be very cost effective in all that we do.
For example, we are considering a new ERP with new business practices. One of the reasons for doing that and going forward with what is a relatively large investment at this time, is to have a more efficient, streamlined and cost effective way to do business and to support student success.

At this time, I know that you will show support and empathy for our fellow employees who are directly affected by these actions. I am also asking for your continued commitment to Daytona State College and help us work towards a public demonstration of what we all know – this is a quality institution, student centered and community focused – where we support each other through good times and difficult times.” Dr. Eaton then asked if there were any questions from the group.

Mr. Escudero asked for a copy of Dr. Eaton’s remarks for the Board and what funding would still need to be taken from reserves. Dr. Eaton explained what funds are used for operating dollars and hospitality expenses and how staff will be bringing forward a budget that does not take money out of reserves next year. Mrs. Haas appreciated Dr. Eaton being open and clear about what has been done over the years. She spoke on behalf of the Board and shared they all understand there is nothing more heartbreaking than having to be involved in reducing staff and how difficult this is for everyone. Dr. Eaton explained this action had to be taken at this time because of upcoming annual contract renewals and a 90-day notification requirement in Board Policy.

Dr. Eaton explained while this is difficult, the work of the College continues. The Legislative Session is underway and reviewed legislative bills of interest on baccalaureate degrees, residency, veterans, dual enrollment, collegiate high schools and K-12 technical centers. Mrs. Hosseini appreciated the Fast Facts brochure and calculated that less than 7% of the College’s FTE is at the baccalaureate level and stated how the College has been very careful to only offer programs necessary for the local community and workforce. Dr. Eaton indicated the brochure contains good information for the Board to have and will update this on a regular basis. Dr. Eaton also pointed out the student newspaper In-Motion that was distributed is an impressive document showcasing work of the students under the supervision of faculty advisors.

B. Approval of Land Purchase

Dr. Eaton explained how people have been approaching the College about purchasing their property and showed the proposed property and other property owned by the College in this area.

Mrs. Hosseini felt the property on the east side of Seneca may be too far away unless there was a specific reason to acquire the land. Mrs. Haas
believed it may have been because some lots had already been purchased in this area but asked if this was something the Board would want to continue to do. Mr. Escudero asked if it was possible to defer this decision until the Board could review the plan for the property that is being acquired. Dr. Eaton explained this property has not been incorporated into the master plan because there is such a long way to go on these acquisitions, but ideas had been discussed on its use. Mr. Freckleton indicated it could be a win/win situation because of the other two lots in this area and how you can normally get back what you put into real estate.

**MOTION:**  (Hosseini/Freckleton) The District Board of Trustees table this item until it can be reviewed further before the next Board Meeting. Motion carried unanimously.

**VII. FINANCE**

**A. Executive and Financial Summaries**

Ms. Isalene Montgomery, Vice President for Finance, reviewed the executive financial summary of revenues and expenses as of February 28, 2014 and year to date expenses are $58,053,657 (65%) of the Annual Budget of $89,820,689; financial summary of the College’s Operating Fund (Fund 1) which included student tuition and fees, state and federal revenues, other revenue, salaries, current expense and capital outlay, and a fund balance summary projection. She reviewed a comparison of budgeted revenues and expenses; monitoring report for student tuition and fees collected monthly and cumulatively; monitoring report showing monthly and cumulative expenditures for Operating Fund (Fund 1); statement of revenues, expenditures and other changes showing the flow of resources in and out of restricted, auxiliary and other funds. She reviewed the financial summary of Fund 7 construction projects with revenue sources and identified non-committed construction funds; the summary of construction projects at/above $100,000 currently underway and the summary of major construction projects that have been completed. Mrs. Hosseini felt it would be helpful to have information for the new trustees about funding lost through the bridge loan program. Mr. Davis asked about the advertising and promotions budget for next year and Ms. Montgomery shared it was about $390,000.

**B. ACH/Wire Transfers/Checks Issued Greater Than/Equal to $50,000 – February 2014**

Ms. Montgomery presented as information.

**VIII. ACADEMIC AFFAIRS**

**A. Update: Quality Enhancement Plan (QEP)**

Dr. Amy Locklear, Vice President for Academic Affairs, shared the Quality Enhancement Plan is required by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) which is the College’s
accrediting body. She shared the College’s response to the SACSCOC On-Site Visit has been completed and the College has corrected the credential issues for the identified two part-time instructors.

Dr. Locklear explained SACSCOC requires the QEP to focus on student learning and identify an issue that can be effectively addressed. She introduced Dr. Tom Bellomo, QEP Director and Mr. Ken Matthews, QEP Research Analyst, and stated the College chose to address completion rates in a gateway course, ENC1101. This course is a pre-requisite for many other courses and data showed that at-risk students were failing this course at high rates. Research was done and determined if students took advantage of the academic resources at the College they would do a lot better in the class. The QEP focuses on a co-requisite course to ENC1101, which is SLS1101. SLS1101 teaches students how to use College academic resources such as the Library, Academic Support Center and Writing Center. Dr. Locklear explained an implementation team was created and was divided into three committees: Curriculum, Professional Development and Evaluation. She reviewed the responsibilities of each committee. The pilot course began this Spring with full implementation in the Fall and expect to have around 360 students for this course. In moving forward they will focus on reinforcing the culture of support for the underprepared student by informing the College community about the success of the course. At the end of the Spring semester the data will show how many students successfully completed the course and can be used to improve the course.

IX. STUDENT DEVELOPMENT
A. Approval of $10,000 Bachelor of Science in Education Proposal

Mr. Buck James, Vice President for Enrollment and Student Development, explained there is not a formal enrollment report this month but enrollment is down 3.7% from last year and had been budgeted to be down 9%.

Mr. James shared Governor Scott challenged the Florida College System to come up with plans for the implementation of a $10,000 baccalaureate program. The College has been working on this with an anticipated implementation for the Fall 2014 semester. He explained the Bachelor of Science in Education degree was chosen because there is a huge need in Volusia and Flagler counties for teachers and the program has the capacity to take on more students. Mr. James explained how the proposal would benefit the student by waiving tuition for the final 30 credit hours of the program and still allow the College to collect FTE for the waived courses. He shared the program would require students to enter the College as ‘first time in college’ with a minimum of nine credit hours of accelerated credit (AP, IB, dual enrollment). Students must also earn the Associate of Arts degree within 66 attempted credit hours with a minimum 2.5 GPA. Discussed recourse if student fails to complete the waived
credit hours, limitations on enrollment, targeted students. *Distributed Bachelor’s Degree in Education* brochure. Made an official part of the minutes as Supplemental C: 1/30/14.

Dr. Eaton explained the cost savings to the student would be around $3,500 and felt this was a good program to start as a pilot program. Mrs. Hosseini thanked Dr. Eaton for accepting the Governor’s challenge and developing this program. She felt it would be beneficial to the community and will be a win/win situation for the College and the community. Mr. Lubi applauded Dr. Eaton’s efforts and discussed placement rates and the positive effect this would have on performance funding. Dr. Recascino asked about students maintaining enrollment and if that will be reviewed on a semester basis. Mr. James indicated there are processes in place and they would be tracking these students. Discussed cost comparisons and how a state university program would cost around $26,000.

**MOTION:** (Davis/Escudero) The District Board of Trustees approve the $10,000 Bachelor of Science in Education degree, effective July 1, 2014. Motion carried unanimously.

X. INFORMATION TECHNOLOGY

A. Monthly Update: ERP

Mr. Roberto Lombardo, Senior Vice President for Information Technology and Center for Interactive Media, explained the consulting firm of CampusWorks was hired to assess the current ERP system and assist the College in selecting a new system; reviewed initial findings and requirements gathering by CampusWorks which included identifying unique challenges and determining important features to the College for the RFP. He explained the strategy is student centered operations, reviewed the project timeline and shared the CEO from CampusWorks will be making a presentation to the Board at the April Board workshop. He stated the business processes identified by the College will become the standard once the system is implemented and how project management and training are important for success. Dr. Eaton explained within the next few months they will be bringing to the Board the contract for the new ERP system and how this is a multi-year/multi-million dollar investment. The funding for the ERP has been allocated in Fund 7 and she shared how funding for this initiative comes from Fund 7 which is different from Fund 1 operating dollars.

XI. MONTHLY STATUS REPORT

A. Foundation Update

Ms. Kay Burninston, Executive Director, explained the Foundation is working to re-energize the Alumni Association. She stated the College has a lot of great alumni and the Alumni Association will be presenting two inaugural awards at the student awards convocation this year. The first
award will be the Distinguished Faculty/Staff Award that recognizes current or former faculty or staff of the College who have demonstrated consistent dedication and superior service at the College and have shown a record of outstanding contributions to their profession. The first recipient selected for this award will be Mr. Frank Lombardo. The second award will be the Distinguished Service Award which will honor a nominee that has continuously demonstrated an extraordinary level of selfless commitment and endless enthusiasm for the College and/or the Daytona State College Foundation through, but not limited to, service, support, leadership and recruitment. The first recipient selected for this award will be Dr. T.K. Wetherell and shared some of his accomplishments. Mrs. Burniston explained the Foundation will be awarding the Margaret Crumley Award for Distinguished Achievement in Science which is an annual award that honors an alumnus who achieved an Associate of Science degree from the College of Science, who is working in (or retired from) a science-related field and is using scientific knowledge to improve their community, and has distinguished themselves in their chosen field. This year’s recipient will be Mr. George Kastroulis and shared his accomplishments.

Mrs. Burniston explained the new building being constructed on the Flagler/Palm Coast Campus provided the Foundation with an opportunity to look at a capital campaign to raise funds from the community. An RFP was prepared, three companies interviewed and Rich Gross Solutions, Inc. (a/k/a The Clements Group) was selected. The consultant will conduct a feasibility study that will determine community support for a comprehensive or focused capital campaign and if it would be successful. The consultant will be meeting with individuals from the community and would also like to meet individually with the Board to gain their perspective on this campaign. Mrs. Burniston shared the College has never embarked on a capital campaign and the idea began when discussing naming opportunities for the new building at Flagler/Palm Coast.

Mr. Babb explained he contacted the individual about the land purchase to explain the action would be tabled until the next meeting. The owner explained he would not wait a month and would most likely rent the property. Discussed the price of the property but the Board felt it was prudent to review further and bring back in April.

XII. TIME RESERVED/BOARD CHAIR
A. Board Chair’s Update
Mrs. Haas asked for consensus on the time needed for the April 11, 2014 Board Retreat to cover the agenda topics which so far included the evaluation of the president, preview of the 2014/2015 budget and master plan for all campuses. It was determined the retreat will be scheduled
from 8:30 a.m. to 2:00 p.m. If there were any items the Board would like to add to the agenda she asked them to let Ms. Mercer know.

Mrs. Haas was sorry to have missed the last meeting and gave an update on her health and urged everyone to have an annual mammogram because this was how it was detected early.

B. Board Professional Development Opportunities
Mrs. Haas presented for the Board’s information.

XIII. TIME RESERVED/CONSTITUENT HEADS
Reports were presented by Dr. Ron Eaglin, Administrative Council President; Mr. Rich Vollaro, Faculty Senate President; Mr. Bill Harrison, Professional Council President and Mr. Joel Padilla, Student Government Association President.

XIV. TIME RESERVED/BOARD MEMBERS
Mr. Freckleton felt it was a great meeting and how it was good to have a full Board again

Distributed 2/1/14 e-mail from Bob Davis. Made an official part of the minutes as Supplemental D: 3/27/14.

Mr. Davis asked the Board to consider providing an opportunity, at the beginning of each meeting, for persons in the trade industry to address the Board and share what they need for their specific industry with regards to classes, certificates or degrees. He shared details of the annual hospitality scholarship golf tournament that raises funds for hospitality students at Daytona State and Bethune-Cookman University and will be awarding the scholarships on April 9, 2014.

Mr. Escudero shared he was honored to serve on the Board and looks forward to learning further about the College and to best serve his alma mater.

Dr. Recascino welcomed the two new trustees and was glad to see Mrs. Haas back.

Mr. Giles discussed retro commissioning and shared how he had some of his employees certified in this area. He suggested adding certification training for energy audits to project management or in the curriculum so students can be certified in this high demand area. He suggested the College explore the companies/subcontracts being awarded for projects over $5,000. Mr. Giles reviewed the Governor’s industry certification incentives and felt there were opportunities for the College in this area. He commented on the tough budget decisions that had to be made and how hard this is on everyone but knows Dr. Eaton handled this with compassion and empathy. He shared of a symposium
on public/private partnerships and how a lot of work is being done with colleges to create revenue and this was something that could be explored.

Ms. Haas suggested adding the workforce issue to the retreat agenda to look at all the different components.

Mrs. Hosseini welcomed the new trustees. She thanked Mr. Davis for bringing forward important issues and felt the Board may not be the right audience for the discussion with the trade industry but believes it is something to be discussed to ensure the College is offering what industries need. She asked the Board Chair to consider having an energy conservation committee that would work to reduce energy consumption. She asked Dr. Eaton to consider ways to encourage students to achieve more and shared examples of incentives that may help with completion and achieving better grades which could help with performance funding criteria. She thanked Mrs. Haas for her work and was in awe of her positivity.

Mr. Lubi shared he was honored to be a part of the Board. He explained the College is a huge contributor to economic development in the Flagler and Volusia counties, as well as the state, and by continuing to work closely with chambers and business leaders will give the College more opportunities. He shared part of customer service is learning from the customer and this is how a company can get better. He was excited to see the direction the College is going and how it has tremendous potential. He liked the idea of finding ways to motivate students.

XV. ADJOURN
Mrs. Haas adjourned the meeting at 4:27 p.m.

Date of next regular meeting: April 24, 2014.