

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *BB*
Date: November 13, 2003
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. OTC's new Allied Health Building Report: We had a great dedication and open house on September 30th. About 200 people attended. The Acme brick people were impressed and appreciative of our naming the foyer for the company. We received several "Thank you" letters from Acme Company officials in early October. The building is fully functional now and the incremental utility costs for operating it seems low.

2. Our reconstituted Ouachita Technical College Foundation Board (OTCFB) had its first meeting on Friday, October 17, 2004 in the Board Room here at the college. Two Board of Trustee members also attended and include Bill Stillwell and Pete Paladino. The meeting was very successful. Officers and the Investment Committee members were selected and included Floyd Parker Chair, Don Tackett Vice-Chair, Kinney Black, Chair of the Investment Committee, and Don Walsh, Marcus Guinn, and Jim Ferguson Investment Committee members. The group heard a financial report from Dr. Coomer and received a review of the OTCFB Manual (values, vision, mission, philosophy and scope, and by-laws) from me.

The most important part of the meeting was a report on the fund raising feasibility study just completed by the Clements Group. During the feasibility study, over 50 community leaders plus faculty and staff were interviewed to test the sentiment of raising \$10 million from the private sector for 5 needed projects that were identified during a recent strategic planning effort. Dr. Elaine Ironfield, Senior Vice

President of the Clements Group reviewed the results of the study. The Foundation Board accepted the report and agreed to raise the \$3 million that the Clements Group recommended as feasible for 3 of the 5 projects. The Clements Group is preparing a proposal to assist us in planning and carrying out the major gifts campaign to raise the \$3 million primarily with training, advising, and planning. Their proposal should be received later this month in time for it to be reviewed at our next Foundation Board meeting scheduled for noon on Friday, December 12, 2003.

Though we did not have a Foundation Board meeting this month as originally planned, a lot of progress has been made in the last 30 to 45 days. I sent the Foundation a two-page report on the development progress we have made during that period and a copy is enclosed for your information.

3. We are making progress on planning activities related to our Title III Grant project. After getting your approval at our last Board meeting, the following staff have been hired and placed on the grant project payroll as of October 26, 2003: Mark Burriss, Project Director; Alison Rush, Retention Specialist; and Amber Lindsey, Director of Development. Additionally, we have advertised and accepted applications for the three other project positions which include an administrative assistant for the project management office, an administrative assistant for the development office, and a learning specialist who will help with faculty development and learning technology assistance. We have selection committees already at work to review applications and schedule the first interviews. We hope the interviews can be concluded by early December, the references checks and background checks can be completed by mid-December, and the three new hires can be in place by the first Monday in January 2004.

Mark Burriss and I got DFA and Legislative Council approval of a \$30,000 contract with the Noel-Levitz group to consult with us on student success, student retention, and academic advisement. During the coming year the group will assist us to develop and implement a plan, based on best practices research, to improve graduation rates.

4. I have been working with the DFA group that administers the Motor Vehicle Revolving Fund out of which the State Police and other agencies get new cars purchased. This group gives approval for agencies, including state colleges and universities like OTC, to acquire a vehicle. They also pay for a few of those vehicles every year and authorize the state agencies to acquire them with their own budgeted resources. While you have given me approval to acquire a vehicle for personal use, and the state allows such use, we have not had enough growth in our state funds that such an acquisition is feasible. So, I have been trying to get the State to pay for one for us. The problem is, they get requests for about 500 new cars every year and they have enough money for only about 40 of them. The State Police alone get about 40. The DFA group head seems sympathetic to our

need for a car and has asked for more information – enrollment growth, numbers of employees, amount of reimbursed mileage to OTC employees for business use of personal vehicles, which was almost \$20,000, and our budget summary. At his request, I reported that I used my personal vehicle over 6,000 miles last year on OTC business travel. I have contacted the head of DFA and the Governor's office from where the final approval is given and asked for consideration. I think we have a chance. If we don't get a car this route, perhaps we can get a local car dealer interested in donating the use of one through the foundation.

4. In regard to the remanded lawsuit of Ms. Lynette Smith which is now back in Federal District Court, our answer to the third amended complaint was filed on October 8, 2003. Our attorney has also filed a renewed motion for summary judgment but the plaintiff has not yet responded to that. The Court has set June 8, 2004 as a trial date but our attorney has asked that that date be rescheduled for early in 2004 instead because we were just days away from the trial previously when the judge dismissed it. Our attorney bases our request for a much sooner trial date on the fact that both sides had already had months of time for discovery, depositions, and settlement and no more time should be needed for preparation.

Ms. Lori Freno, our attorney, remains optimistic that we will prevail in this case. She always invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, November 18, 2003 at 5:00 p.m. in the Board Room. I light dinner snack and beverages will be ready for you at 4:30 p.m. For your information, future Board meetings are scheduled for January 27, March 30, and May 31, 2004.

Thanks again for your commitment and many contributions.

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: September 23, 2003
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. OTC's new Allied Health Building Report: The faculty and staff are preparing for the dedication, reception, and open house of the building at 4:00 p.m. next Tuesday, September 30, 2003. The month or so since the start of school has permitted us to get settled into the building, get the furnishings and decorations set up, and get most of the landscaping completed.

We have invited the Acme Brick Company managers from Little Rock and Malvern to attend as we intend to dedicate the foyer of the building in honor of the company in recognition of the generous contribution of bricks that made it possible for the building to have an all brick exterior and still stay within the budget. We have ordered a nice plaque to permanently mount on the featured wall of the foyer to call attention to the company's contributions and the foyer dedication. We have mementos for the Acme Brick officials and for a few other persons who helped with the building.

The dedication ceremony will start right at 4:00 p.m. followed by the open house and reception with refreshments. The regular September Board meeting will follow the reception and open house and we should be able to convene it at about 5:15 p.m. in the Board Room, our usual meeting location.

2. I mentioned in my last report that our enrollment is going to be up again. Our unofficial report to ADHE after the 11th class day reported 1291 students. After our student accounting system is checked and reconciled, the final number

will remain very close to this number in spite of a strong desire to find 9 more students so that we could say we had 1300. It is still a good and very manageable increase of about 4 percent (5 percent in SSCH – student semester credit hours generated) and one we are pleased with. The one new college program that we started, Cosmetology, had an enrollment of 25 new students which is the maximum number the State Board of Cosmetology will allow for a one-teacher program in the size of facility that we have. We are very pleased with this new program start up.

The enrollment of the Ouachita Area High School Career Center is about 40 students below the 260 students we had originally budgeted. This will cause us to have less revenue than we originally planned but Dr. Coomer does not yet want to have you review and reduce our annual budget. With our new Title III Grant, we might be able to make it as is.

3. We have done a lot of work on the Foundation in the last month or so. We will be asking you to approve several resolutions related to the Foundation at our meeting on September 30. Those resolutions include, first, an approval of the Foundation By-Laws. The old by-laws were not well organized, they were not clear on some subjects, and they were not as conducive to activity as those that we are now proposing. We borrowed from other, very active college foundations.

The second resolution is the approval of new Foundation Board members. The terms of the old Board members have all expired and they have not met since 1999. The new ones that I am proposing have all agreed to serve on the new Board and they understand our expectations. I told each of them that I need three things from them: (1) to be active and available to give us advice about development and fund raising, (2) to introduce us to prospective donors or lead us to grant sources, and (3) to give personally to the Foundation so that we can boldly go to others for donations and be able to say that 100% of the Foundation Board had given and pledged to give in the future.

The third resolution is a new policy on the naming of facilities, programs, and funds. I believe that we can raise enough money and find donors that want to give enough to justify naming a facility, part of a facility, program, or fund in their honor, memory, or as a tribute. We need a policy that permits it and then regulates it in a way that the Board of Trustees, the Foundation Board or the administration will not be embarrassed or criticized for being inconsistent or unfair.

We hope to have our first Foundation Board meeting in October to get organized and to hear the report from our consultant, the Clements Group, Inc., and their representative, Dr. Elaine Ironfield, regarding the feasibility of raising funds for our proposed resource needs as defined in the "Preliminary Case for Support." As you recall, our consultants interviewed about 60 people (community leaders and

people of affluence and influence) to test the feasibility of the proposed projects. Dr. Ironfield will have a final feasibility report to review and discuss with us.

We hope to have both a Foundation Board meeting and a Board of Trustees meeting to hear her report on Friday, October 18, 2003 at 11:30 a.m. and include lunch.

4. I reported last month that we had been informed that our Title III Grant Application was approved. The U.S. Department of Education has approved a grant amount of \$363,737 for the coming year. This amount is actually for the first year of a five-year grant project that totals \$1,799,977. Twelve colleges in Arkansas submitted Title III grant proposals but only three were approved for funding. Mr. Mark Burris did a very good job of developing our 100-page grant proposal.

Our consultant will be here on Wednesday, October 16, 2003 to give us advice on getting organized to start the project and on project administration. We know that six staff persons are included in the grant. We have asked the following current staff to be on the grant payroll: Mark Burris, Director; Alison Rush, Retention Specialist; and Amber Lindsey, Director of Development. All three of these people asked to be a part of the project and are glad that we are recommending them for it.

As you may recall, the Title III project also provide us with \$359,992 for a matching scholarship endowment grant. When we get started with our major gifts campaign to raise money for scholarships, this grant money will be available to match dollar for dollar the contributions that our Foundation can raise. This part of the Title III will jump-start a lot of Foundation activity and the timing could not be better.

5. I mentioned in my last report that the U.S. Eighth Circuit Court of Appeals finally made a decision regarding the appeal of Ms. Lynette Smith. The Eighth Circuit has remanded the case back to the Federal District Court for further proceedings.

On September 18, 2003, we received the third amended complaint filed by Ms. Smith. She has abandoned her Title VII action and is now bringing this case pursuant to 42 U.S.C. Sect. 1981, which prohibits race discrimination. The only adverse employment action of which she complains is her removal from the Nursing Department Chair. She also added two additional defendants: the College and the "Board of Trustees." The president and the Trustees had already been named in our official capacities so we are not sure of the reasons for these additions.

Our answer to the third amended complaint is due to be filed by October 8, 2003, which is twenty days after the date on which Ms. Smith filed her most recent complaint. Prior to that date, our attorney plans to simultaneously file an answer and a renewed motion for summary judgment.

Ms. Lori Freno, our attorney, remains optimistic that we will prevail in this case. She always invites Board members to call and ask her questions about the case. Ms. Freno's telephone number is 501-682-1324.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, September 30, 2003 at 4:00 p.m. for the dedication ceremony and open house for the new Allied Health Building and at 5:15 p.m. in the Board Room for our regular agenda meeting. For your information, future Board meetings are scheduled for November 18, 2003, January 27, 2004 and March 30, 2004.

Thanks again for your commitment and many contributions.

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *BBB*
Date: August 27, 2003
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. OTC's new Allied Health Building Report: Students, faculty and staff have moved into the building and everything seems to be working well. Several weekends ago lightening hit nearby and damaged a lot of the fire and smoke alarm equipment in the building. The vendor replaced it at his own expense and installed surge protective equipment this time.

Our Campus Beautification Committee (CBC) has developed a landscaping plan and an interior design plan. Both a variety of furniture and plant items are on order. There has been a meeting of the CBC, maintenance staff, and allied health faculty and staff to plan and prioritize the improvement efforts in preparation for the September 30 dedication and open house. We think it will look pretty good. It functions well and students, faculty and staff all like the building and how it functions.

2. Our enrollment looks like it is going to be up again, unbelievably. Last year's thirty percent (30%) increase was caused, we believed, by the lack of state money for the Academic Challenge scholarships. We had had a big increase in students just out of high school and we thought that many of them would have gone to the universities if the scholarship money had been available. We believed that a lot of them just stayed home and started college here because of affordability.

Our fall term headcount last year was 1255. We think that we will be around 1300 this fall term when all the dust settles. That will give us a manageable three or four percent (3 % or 4 %) gain. That is the good news.

Unfortunately, our high school enrollment is not up as much as we had planned and budgeted on. The high school student enrollment in our Ouachita Area High School Career Center is very important to us because this year's enrollment drives this year's funding – it is direct with no delay though it is spread out through the year. We had built our budget assuming that we would have about 260 students in the Center. We thought that the new Industrial Equipment Technology program in Arkadelphia would have 30 students instead of 20 and the new MedProEd program here in the new building would have 35-40 students instead of 22. Sparkman did not send any students to Arkadelphia although Gurdon and Arkadelphia High Schools did. Malvern sent almost no students to MedProEd and we thought they would send 15-20. We are probably \$75,000 over budget as a result but we will not be sure until next week. We may be forced to come to you with a new, lower budget to approve next month.

3. We have sent out letters and our "Preliminary Case for Support" (PCS) document to support the major gifts campaign that is being planned. One of our Board members asked me today how much I thought we might try to raise through this campaign and I responded by saying that that is what we are trying to determine with this current effort. But, I added, it will probably be between one and three and one-half million dollars (\$1 – \$3.5 million). I have enclosed both a copy of the letter and the PCS document for your information.

We will now be contacting by phone the 50-60 persons who received the letter and the PCS document to set up individual interviews. Our consultant will have two trained and experienced interviewers here for the period September 8-12 who will go to homes or businesses to conduct the personal interviews. The influential and affluent persons to be interviewed will be asked 1) is the College fulfilling its mission and contributing to the community, 2) are the projects described in the PCS document consistent with the mission of the College, 3) are the projects worthwhile and will they contribute to fulfilling the mission of the College, 4) to which of the five projects are individuals, businesses and you most likely to contribute and 5) what are the names of individuals or businesses that would and could contribute to these projects. Through this method of describing needed projects and asking influential community leaders about them, we can test the feasibility of a major gifts campaign.

Directly related to this major gifts campaign that is being planned is the need to redevelop and reactivate the OTC Foundation Board. As you may recall, Dr. Ken Martin had informed the Board that he had decided to manage the Foundation and fund raising himself. He was ambitious and had good intentions, but, for the exception of some ceremonies and recognition-type events, the last Foundation

Board never met after 1999. If it did meet, I have no records of the meetings or records of any Foundation activity after 1999. However, we did file tax returns as required.

We are developing new Foundation by-laws, duties and responsibilities and related material to get it activated again. At the September 30, 2003 meeting, we are planning to propose a new Foundation framework for your approval and a list of names for an all, new Foundation Board for your approval. We want the new Foundation Board to be composed of influential and energetic persons who are also committed to the mission of the college. The total cost of the five projects mentioned above is \$8.825 million with the smallest project costing \$900,000, the largest costing \$3 million and the average costing \$1.765 million. To have any success at all with any combination of these projects will require a Foundation Board that is active, visionary, ambitious, creative and bold.

4. We have some great news to report. Today the offices of U.S. Senators Lambert and Pryor informed us that our Title III Grant Application was approved. They informed us that the U.S. Department of Education had approved a grant amount of \$363,737 for the coming year. Neither senators were aware that this amount was actually for the first year of a five-year grant project and that the full amount totaled \$1,799,977. Twelve colleges in Arkansas submitted Title III grant proposals but only three were approved for funding. Nine were turned down. Mr. Mark Burris did a very good job of developing our 100-page grant proposal.

We are not yet sure when we will get the money nor do we know the date of the start of the project year. It could be as early as October 1, 2003 or as late as January 1, 2004. I actually hope it is the later so that we will have time to plan and do the front-end work relating to staffing and developing equipment and software specifications.

I have enclosed a copy of the project abstract and the five-year overview of the project budget for your information. The major focus of the grant will be to improve student learning and retention (graduation) rates. We do a great job of attracting students but because the average new student has to take two or more developmental (high school level) courses and because we have so few support systems for poorly prepared students, most of them drop out before graduation. With the money from the grant, we will be able to develop programs, support systems, and improved instructional services that will keep many more of them in school through to graduation.

The Title III project will additionally provide us with \$359,992 for a matching scholarship endowment grant. When we get started with our major gifts campaign to raise money for scholarships, this grant money will be available to match dollar for dollar the contributions that our Foundation can raise. These funds must be used for the purpose of a scholarship endowment. Under the

grant, the matching must be for actual cash donated and received, not just pledged.

We will be providing you with a lot more information about our Title III project during our September 30, 2003 meeting.

5. Another piece of good news that we recently received was about Board Member Pete Paladino. We received a letter dated August 12, 2003 from Governor Huckabee indicating that Mr. Paladino has been reappointed to the OTC Board of Trustees for a new seven-year term ending July 1, 2010. We are very pleased about that and we are pretty sure that Mr. Paladino is also pleased.

6. We finally have a decision from the U.S. Eighth Circuit Court of Appeals regarding the appeal of Ms. Lynette Smith. The decision is not favorable to us. The Eighth Circuit has remanded the case back to the Federal District Court for further proceedings. So, we will continue to litigate and fight against this complaint that we believe is unwarranted.

The Eighth Circuit ruled that the District Court erred in its adverse grant of summary judgment on Smith's claim of racial discrimination. The Eighth Circuit said that the District Court should not have dismissed the complaint nor ignored the plea for a cause of action, "merely because (the plaintiff) does not state with precision all elements that give rise to a legal basis for recovery."

These were the very words that we had used in our defense. But, the Eighth Circuit did not let us get by with it. The Eighth Circuit further stated that "in light of the liberal standards for pleading under the federal rules, we conclude that, by the barest of margins, Smith alleged a claim of racial discrimination under 42 U.S.C. Sect. 1981 and that she provided adequate notice of this claim to the district court and to the appellees. Accordingly, that portion of the judgment which dismissed Smith's section 1981 claim is reversed, and the case is remanded."

Assistant Attorney Lori Freno was very surprised of the decision and so were numerous attorneys at the AG's office. We are already planning a strategy to defend ourselves when we get back in District Court and she still thinks we have a good defense.

The Eighth Circuit did not say that we lost in our defense of a race discrimination claim. It only said that the District Court couldn't throw the claim out by ruling "summary judgment" in our favor. Rather, the Eighth Circuit just said that the District Court must consider the claim as legal and bona fide. We plan to give the District Court other, sound, legal reasons to again rule in our favor. We plan to start filing for another dismissal as soon as the District Court acknowledges the remand notice from the Eighth Circuit.

7. Finally, we have a reminder from the Arkansas Department of Higher Education (ADHE) about the upcoming Trustee Training Conference on Monday, September 8, 2003 beginning at 9:00 a.m. at the Wyndham Riverfront Hotel in North Little Rock. A copy of the reminder and the agenda is enclosed for your information.

There are several things that make this Trustee Conference different this time. First, it is a month or six weeks earlier than usual. Second, and more importantly, conferees will learn about the education adequacy report first hand and how the correction will affect the different levels of education in the state. Third, it is a joint trustee conference including not only the trustees of all the colleges and universities in the state but also the members of the three state boards of education – The Arkansas Higher Education Coordinating Board, the Arkansas State Board of Education, and the Arkansas State Workforce Education Board. Lastly, the Governor is invited to address the group and is trying to work it in his schedule. It should be a very interesting and informative conference.

Mr. Stillwell and I have registered. Also, I have received regrets from another Board member because of a conflict. Others we have not heard from. If you will simply call Betty (Tel: 337-5000, Ext: 1130) and let her know of your intentions, we can get you registered. We will plan to leave from the front OTC parking lot about 7:30 a.m. that morning and can stop in Benton to pick up any who want to ride. We will provide transportation - Mr. Stillwell thinks he can get us a good loaner for the day.

This concludes my report. I look forward to seeing you on Tuesday, September 30, 2003 at 4:00 p.m. for the dedication ceremony and open house for the new Allied Health Building and at 5:00 p.m. in the Board Room for our regular agenda meeting. For your information, future Board meetings are scheduled for November 18, 2003, January 27, 2004 and March 30, 2004.

Thanks again for your commitment and many contributions.

Enclosures

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *JB*
Date: July 16, 2003
Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. OTC's new Allied Health Building Construction Project Progress Report: The building is finished. It is a very nice building with fine workmanship on everything except the flooring. The flooring had to be redone to meet the specifications but the workmanship there is only acceptable but not great. The contractor is gone and Dr. Coomer is processing the final payment.

Our maintenance crew has finished installing all the locks that work on our campus-wide locks and security system. We have a lock system that makes it virtually impossible for one to duplicate keys. We have been operating with this system for about four years now and we have had no case of abuse of keys and improper or unauthorized entries requiring a key. Faculty and staff authorized to use the building have been issued keys.

New phones have been installed and tested as have the computer intranet cables and the telecommunications cables to support computer use and alarm systems with dial up capability for fire, smoke and burglary.

Our faculty and maintenance staff are beginning to move furniture and equipment into the building in preparation for school to start on August 18, 2003.

We are planning to have our next Board meeting on July 29 in the new building instead of the Board Room in the main building. The furniture and equipment will not be completely set up by then, but, we will have quite a bit in it and it will look like a school. Additionally, during the Board meeting, I will propose that we schedule the dedication, reception and open house for it on September 30, 2003 in the late afternoon just before the next regular

Board meeting starts. Maybe we could begin the ceremony about 4:00 p.m. and then have our regular Board meeting start at its regular time of 5:00 p.m. By September 30, we will have all the furniture and equipment set up, the building decorated a little, and some of the landscaping completed.

2. The presidents and chancellors of the 22 two-year colleges in the state are planning a strategy on how to work with the legislature during the upcoming special session on K-12 public education adequacy and equitability. We believe that the colleges can play a major role in helping public schools meet the new standards. This past school year we had partnerships with and provided services to over a dozen school districts in our service area.

We had about 200 high school students on our campus every day in the high school career center. We had over 300 high school students enrolled concurrently in dozens of college courses where they were earning college credit and high school graduation credits at the same time. We provided Kuder Career Planning and Assessment services to over a dozen schools and over 1,000 students. And, finally, we had articulation agreements with about a dozen schools that make it possible for college credit to be given to high school students if they complete a series of courses with good attendance and honor grades.

A draft of a chart that we are working on to report these partnership activities is attached for your information. The final, completed version of this report chart will be given to you at the Board meeting.

We think that the partnerships that we have with these schools are good models of how two-year colleges can help local school districts meet new, rigorous school accreditation standards. There is no doubt that these are models of how advanced math, science, foreign languages, and vocational courses can be made available to students in a large geographic area. There are seven school districts in Hot Spring County and only one of them, Malvern, meets the current standards. When the new, more rigorous standards, based on the so-called "rich curriculum" are required, the schools will find it impossible to measure up by themselves.

3. The new Associate of Arts in Teaching (AAT) program is developing nicely. Our lead faculty member on that program, Mrs. Sharon Seals, had the opportunity recently to attend the inaugural conference of the National Association of Community College Teacher Education Programs in Arizona. Her travel and participation costs for this conference was paid from a grant through the Arkansas Department of Higher Education (ADHE). We have learned a number of things as a result of her conference participation.

Arkansas had a large delegation at the conference – about 20 professionals from technical and community colleges throughout the state. Attendees and presenters nationwide seemed interested in five particular areas: Early Childhood programs, Associate of Arts in Teaching programs for transfer to 4-year colleges, Post-Baccalaureate programs to certify those who have bachelors degrees in other areas who want to become teachers, Paraprofessional programs for states gearing up to meet the No Child Left Behind mandates, and Continuing Education programs to offer currently

certified teachers opportunities for Continuing Education Units as required by state licensure.

Arkansas as a whole seems to be ahead of the rest of the nation (except Florida, California, and Arizona) in the partnering and collaboration that has taken place between two- and four-year colleges to work towards resolving the state's teacher shortage. The cooperative work of ADHE and the development of the Associate of Arts in Teaching by UALR's Dr. Sandra Robinson was notable for being progressive. Other two-year colleges do not have that kind of a framework in place yet. Ouachita Technical College is ahead of the crowd on these efforts in that the Early Childhood program is already established, and we have already developed the Associate of Arts in Teaching degree in cooperation with Henderson State. Our General Education faculty have worked to streamline a degree plan that will best prepare students for the teaching experience (and the PRAXIS exam!) and that will be in sync with Henderson's offerings. Also, Comp II for Future Teachers and Foundations of Education were offered successfully this past spring. Additionally, the Business Department is offering another AAT course in the Spring of 2004 – Instructional Technology for Teachers. Finally, when we last checked, ten students had already declared to the AAT program – not a bad start!

More remains to be done. We now have brochures for the AAT, and we have started distributing them to high school students at such events as our "U" day on campus. We still need to do some advertising and blowing of own horn about the degree – especially among the high school counselors and potential paraprofessionals in our service area. We also need to adapt all of our paperwork – from student registration forms to change of major forms – to reflect the new degree. Additionally, the consensus at the conference was that the earlier students get into observations and into the K-12 classrooms, the better teachers they will become. OTC, with strong concurrent enrollment, has inroads to do this, but it is massively labor and paperwork intensive and requires additional instructors for monitoring the OTC students in those K-12 classrooms. That is perhaps our weakest area of the AAT degree at this time.

Other ongoing concerns include:

- *Tracking students as they go to Henderson to monitor course performance and PRAXIS pass rates.

- *Ongoing curriculum mapping of education courses currently offered at OTC to eliminate overlapping areas of instruction.

- *Moving towards outcome-based assessment to meet the demands of NCATE.

Though there are other things to consider, we think OTC is on the right Track.

4. We have now completely remodeled the metal building in the back of the campus that was formerly occupied by the nursing program faculty and staff. Our maintenance crew and Mr. Milton Purdy, a licensed electrician, have worked since June 1 on totally remodeling this building so that it will function as the instructional classroom and laboratory for the new Cosmetology, one-year certificate program.

All of the new Cosmetology furniture, equipment and supplies are now in also. The facility looks like a huge beauty shop. It is pretty fancy with all new electrical system, HVAC system, ceiling, flooring, and wall-to-wall mirrors. The State Inspector from the

State Board of Cosmetology (SBC) will be here on Friday, July 18, 2003 for a final inspection and verification that the required facility specs have been met and all the required furniture, equipment and supplies are in place. Final approval for the program is on the agenda of the next regular SBC meeting scheduled for July 21. Dr. Azbell and our new instructor, Ms. Mary Harris, plan to attend the meeting and be available to answer any questions that the SBC may have.

We had a cut-off date and minimum assessment score for applicants to the program. The SBC will only approve our program initially for 25 students, maximum. From a financial standpoint, we want 25 students in the program on August 18 when school starts. The good news is that we had over 40 applicants for the 25 slots. Notification letters for the top 25 students and 5 alternates went out this week. It appears that we will not have a problem filling the program with the maximum allowable number of students.

5. We have no additional information to report on the appeal to the Federal Court of Appeals, the case of Ms. Lynette Smith. Our attorney has indicated that it could take between three months to a year for the Court to rule on the appeal.

This concludes my report. It has just been a few weeks since we got out the June 30 report to you, so, this report is fairly brief. I look forward to seeing you at our next Board meeting on Tuesday, July 29, 2003 at 5:00 p.m. in the new Allied Health Building. For your information, future Board meetings are scheduled for September 30, 2003, November 18, 2003, and January 27, 2004.

Thanks again for your commitment and many contributions.

Attachment

Memo

To: Members of the Board of Trustees

From: Barry Ballard, President

JB

Date: June 30, 2003

Re: Update on Various Issues

Below is a list of significant items, accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. We end our 2002-03 budget year today. We had to dip into our "fund balance" reserve a little. As you will see in Dr. Coomer's report, our revenues for the year were \$55,548.33 less than our expenditures. Our revenues were \$7,311,546.52, therefore, we overspent our budget by about eight tenths of one percent – actually it was .75973 percent. That is the bad news. Our fund balance (reserve) is still a healthy \$950,000, down from the \$1,003,000 where we were at the beginning of the year.

The good news is that we bought real estate (Thomason Property) valued at some \$70,000 that is useful to the future of the college and that is on our books as an asset. This property could be sold if need be. We have already paid for furniture, equipment and building modifications to accommodate the new Cosmetology certification program that will be started this coming fall term. We have prepaid for some \$50,000 in new textbooks for resale in the bookstore this coming fall. And, we have prepaid some \$60,000 in lab manuals to support the new "I Can Learn" computerized, developmental mathematics laboratory. This \$60,000 will be recovered this coming year in laboratory fees.

All in all, we are in good shape and will possibly replenish some of the fund balance if our plans for the new fiscal year materialize. However, if we start the new school year with low enrollments in our three new programs, Cosmetology at the college and MedProEd and Industrial Equipment Technology at the high school career center, we will need to make some financial adjustments and

amend our budget downward. Needless to say, we are recruiting students this summer and watching our fall enrollment numbers very carefully.

2. OTC's new Allied Health Building Construction Project Progress Report: For all practical purposes the building is complete. The State inspector has signed off and approved the plumbing, HVAC and electrical systems. On Tuesday, June 17, 2003, Dr. Coomer, the architects, the contractor, and I completed an inspection of the building and prepared a final "punch list" of additions, corrections, and repairs required to make it acceptable. As a result, some of the vinyl tile flooring is being removed and replaced because of substandard workmanship. The subcontractor is working in the building this week but cannot get replacement vinyl flooring until July 2. That work should be complete before July 4.

Additionally, the electrical light fixtures in the computer lab were not hung properly. This was primarily the fault of the manufacturer as the correct hangers had not been supplied with the fixtures. The subcontractor has now received the correct hangers and that work should also be complete by July 4.

There are some additional, minor repairs that the general contractor has to make but they, too, should be complete by July 4.

We are this week testing the telephone lines, some of which are tied to the smoke and fire alarm system. As soon as the smoke and fire alarm system can be checked out, we can get an inspection by the Malvern Fire Marshal. With the Fire Marshal's approval and the completion of the items on the "punch list," we will be able to secure a "Certificate of Occupancy" which is a permit for us to begin the process of moving in. If we can get enough furniture in the new building, the next Board of Trustees meeting might be held there.

3. I want to call your attention to the Unduplicated Headcount Enrollment chart produced by Ms. June Prince and contained in the Reports booklet following her report memo and the Summer I "Enrollment Statistics" chart. This new chart shows that our unduplicated headcount for the year climbed to **1,841 students**. This number is 291 students or 19 percent more than the 1,550 that we served during in 2001-02. Needless to say, we are thrilled with this number and what it means as an indicator of our success in serving the higher education needs of our community. With our challenging budget, we hope that we grow a little slower and primarily in our new and lower enrollment programs.

This student enrollment number of 1,841 is the number we like to use in the media and for "chamber of commerce" reporting. It will be several days before we are able to report our "full-time equivalent" (FTE) enrollment for the year, but while it will be less than the headcount number, it will be approaching 1,000 and we expect the percentage of growth in the FTE number to be about the same – in the 15% to 20% range.

4. We have no additional information to report on the appeal to the Federal Court of Appeals, the case of Ms. Lynette Smith. Our attorney has indicated that it could take between three months to a year for the Court to rule on the appeal.

5. I mentioned last month that we have started to plan a private fundraising campaign. Board members, Mr. Pete Paladino, Mrs. Kristi Norris, and Mr. Dale Jenkins, worked with our leadership team last month to review our goals, objectives, and resource needs. The group developed a good list of projects that need to be funded and completed in order for the college to continue to make good progress. A list of those projects is presented as a "Draft Case for Support," and is attached for your information. This "Draft Case for Support" will be further edited and refined after which its viability will be tested via a personal interview with 40 to 50 influential or affluent citizens in our service area. As you will recall, several weeks ago we asked you to review and give us feedback on lists of individuals and organizations in an effort to identify the influential or affluent citizens in our service area who will be interviewed.

Next month, July, we will send the "Draft Case for Support" document to the influential and affluent citizens and ask them to review the document and to consider giving us their thoughts and views about the college and the proposed projects. We will then contact them by phone to request, from each, a personal interview for the purpose of getting their thoughts about the college and about the possibility of our running a successful fund raising campaign to complete the described projects. It will take about 3 weeks to do the interviews and another week or ten days to analyze the results.

You will hear a lot more about this campaign in coming months.

6. Also attached, for your review, is an Arkansas Department of Higher Education, ADHE, report that we received this past week on tuition and fees being charged by the state's colleges and universities for the coming 2003-04 school year. I think you will find this report pretty interesting.

According to the method ADHE uses to compute annual tuition and fees charges for a full-time student, OTC's total is \$1,770.00 per year. Using the 'In-State' charges at the other colleges and universities for comparison purposes, OTC's charges are at the low end of the spectrum. Of the 21 other two-year colleges in the state, 15 colleges charge more than OTC and 6 charge less. When you add in the 10 universities, then the comparison indicates that 25 public colleges and universities in Arkansas charge more than OTC charges. Henderson State University charges \$2,081 (+ 118 %) more per year than OTC charges. Arkansas State University-Jonesboro charges \$3,000 (+172 %) more per year than OTC charges. And, the University of Arkansas-Fayetteville charges \$2,998 (+172 %) more per year than OTC charges.

The 14 two-year colleges that have become "community colleges" by virtue of their community or county having voted to approve a community college district, also have a local source of tax revenue – usually a property tax of so many mills. Those 14 community colleges charge their "In-District" students an even lower rate and all 14 of them are lower than OTC's charges. However, we have been told that usually less than half of their students come from within the "District" and they charge all the other students an "In-State" rate that is higher and more competitive with OTC's charges. Our nearest competitor, Garland County Community College, merging with Quapaw Technical Institute and becoming National Park Community College effective July 1, 2003, has an "In-District" charge of only \$1,158.00 and an "In-State" charge of \$1,298.00. These low rates could hurt us a bit but it is hard to tell. The colleges with the low rates tend to be in the Mississippi River delta counties (Forest City, West Memphis, and Helena) or in the southern or southwest part of the state (DeQueen, Mena, and Hot Springs).

7. This past Sunday, June 29, 2003, there was a front page article in the Arkansas Democrat Gazette that criticized the state and the governor generally, the state higher education system particularly, and the two-year colleges specifically for growth in new state employees. The lengthy article lamented the growth of government. Ouachita Technical College is listed in a chart on the front page as being among the top ten agencies in state government with the largest, growth percentage wise, over the last decade – 1992-2002.

The article is fraught with errors and gives us room to provide delicious explanations. First of all, they picked our January, 2002 employment report to the Bureau of Labor Statistics, U.S. Department of Labor, showing 136 employees for OTC. If they had picked the April or November, 2002 report they would have shown 172 employees – 36 more. Those higher numbers would have really been juicy. The truth is, we had about 80 employees and all the rest were part timers including adjunct, part-time faculty and Federal College Work Study students. This past November when we peaked at 172 employees, it included 22 regular part-time employees, 13 Federal College Work-Study students, and 54 part-time adjunct faculty which leaves 83 regular, full-time employees.

We started out last year with 82 employees and the new budget for 2003-04 has 92 employees. Here is what the ten new employees include:

- A. 4 EE's (3 teachers and an aid (Eppler, Larson, Murdock & Stroud) paid from the Federal Adult Education, "EvenStart" grant.
- B. 3 Teachers paid with area high school career center funding (an automotive teacher to replace Ruben Keisler who was promoted to career

center director, a new medproed teacher, and a new Industrial Maintenance Technology teacher for Arkadelphia.

- C. Alison Rush a counselor paid from "Perkins" Federal Workforce Education grant money to help us improve retention and graduation.
- D. 1 new cosmetology program instructor, and
- E. 1 new custodian for the new building (We laid off 3 custodians/maint workers last year to make our budget balance with lowered state revenues).

The numbers reported in the article look much worse than reality. Though I can explain it and justify it, I do not apologize much for the growth. This college has been growing at a rate of 15 to 20 percent a year – doubling in the last 6 years. That is only possible by having more faculty and staff. The numbers of Arkansas citizens with a 4-year college education stands at 18 percent. This lands Arkansas in 48th place nationally. The national average is 25 percent. Our state political leadership and news media should not wonder why Arkansas does not do as well as many other states in economic development and job creation. Jobs are created where educated people live. We are far better off in economic development potential and quality of life with more college students and faculty positions than we are with less education and more prisoners and prison guards.

If we have to cut employees, as some politicians have recommended, I will recommend that we cut the custodian first then some teaching positions in programs where we have low student-to-teacher ratios or low graduation rates.

8. On Saturday afternoon June 14, Linda and I enjoyed having members of the OTC family out to our home near Bismarck for a cookout. We had invited Board members, vice presidents, department chairs and their spouses or significant others. About 25 folks came out including Lacy and Lea Landers, former Chairman of the Board, and Bill and Ann Scrimshire, our State Representative. Copies of a few of the pictures we took are also attached. A good time was had by all, especially by Linda and I.

This concludes my report. I look forward to seeing you at our next Board meeting on Tuesday, July 29, 2003 at 5:00 p.m. For your information, future Board meetings are scheduled for September 30, 2003, November 18, 2003, and January 27, 2004.

Thanks again for your commitment and many contributions.

Attachments

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: May 15, 2003
Re: Update on Various Issues

Below is a list of significant accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. The Legislature finally passed our appropriation bill and a revenue stabilization bill to fund us and all other agencies, colleges and universities. We came out pretty good. Our percentage of gain was better than the average. Here is what we got:

A. Current funding level in "A"	\$2,394,144
B. An increase in "B"	\$ 94,767
C. An increase in "B1"	<u>\$ 87,576</u>
Total Allocation	\$2,576,487
D. Workforce 2000 forecast to be current level	<u>\$ 507,198</u>
Total General Revenue	\$3,083,685
E. General Imp. Fund – critical maint/eqpt/library	\$ 106,097
(These funds came from the Senate to be spread over two years)	
F. Gen. Imp. Fund – HVAC/roofs/campus improvmts	
Act 399 (From Senator Faris)	\$ 43,903
Act 559 (From Rep. Scrimshire)	<u>\$ 90,000</u>
Total	\$ 133,903
(These funds to be spread over two years)	
G. An increase in FY 2004-05	\$ 70,000
(Providing the State realizes a 4.3% growth)	

All in all it is about a half million in new dollars based on current revenue forecasts. If the revenues do not live up to forecasts then we will be cut as we have 5 times this year.

On Monday, May 5, 2003, the first day of the Special Session, I learned that the allocation of the General Improvement Fund (GIF) for OTC was to be only \$18,000 for the repair of our HVAC and roofs for the old buildings. The GIF is about the only source we will ever have of State money for buildings and major repairs and remodeling. That day I contacted both Mr. Faris and Mr. Scrimshire to urge them to help us on GIF funding if they had an opportunity to do so. That night I called most of the Board members to ask them to also contact Mr. Faris and Mr. Scrimshire to urge them to help us if they had an opportunity to do so.

The next morning Senator Faris found me in the Joint Budget Committee meeting and he was angry with me because I asked Board members to call him and put pressure on him. He felt that I had not given him and the Senate credit for the help we had already received. The E. item, above, for \$106,097 came because the Senate President Jim Hill had convinced the Senate to set aside about \$9 million of their GIF funds to allocate to colleges to help restore the revenue cuts suffered in the last two years. These set aside dollars were to help us to cover operating costs although they could be used for building improvements. Senator Faris also helped to get introduced and passed our Campus Improvement appropriations bill that gives us the authority to use State dollars to make the needed building repairs.

Senator Faris was angry because he felt that I had not told the Board that he helped get the appropriations bills passed and helped get the \$106,097. He felt I was ungrateful for the support plus the \$18,000 in GIF funding that was planned. He said that we could put the \$18,000 with the \$106,000 and do the building repairs. I told him that Senator Hill had told us that the \$106,000 was to restore operating money that we had lost and that we desperately needed it for operations.

I am certain that I told the Board members I talked to that Mr. Faris had helped us get the appropriations and the funding. I showed him my notes I had made next to the Board members I had talked to and their phone numbers. I apologized for any missed communications and told him that we were very grateful for all the help we had received. I think he understood and we parted on good terms. And, we have had a number of conversations since that time that went very well. If I get criticized for being too aggressive in working to get funds for OTC, I think that it will be OK.

The good news is that after all our calls to Mr. Faris and Mr. Scrimshire on that Monday and Tuesday, our GIF funding was changed from \$18,000 to \$133,000. Both of them worked hard and made deals with Senate and House leaders to get

us the additional money. I believe that the money will be enough to do repair the HVAC systems and put a new sloped, metal roof on one, but not both, of the original brick buildings. We will start with the one that houses our business technology computer labs. And, we will try to get the money to repair the other building next time.

When you see Mr. Faris and Mr. Scrimshire, be sure and tell them how much we appreciate all the help they gave us during the session. Their extra help made all the difference.

Dr. Coomer and I will give you a lot more details about our finances when we meet next week.

2. Our courses that we deliver to high schools that enable high school students to get credit for both high school courses and college courses at the same time have really grown in number. We refer to these as "Concurrent Enrollment Courses," or, simply "Concurrent Courses." We have also increased the number of schools at which we deliver these courses. We now have really good relationships with these school districts. And, about 25 percent of our headcount enrollment is now high school students taking these concurrent courses. The concurrent courses we have planned for the Fall Semester 2003 are shown below.

<u>SCHOOL</u>	<u>FALL TERM</u>	<u>SPRING TERM</u>
1. Arkadelphia High School	Intro to CAD	Intermediate CAD
2. Bauxite High School	Composition I	Composition II
3. Benton High School	Environmental Science	
4. Bismarck High School	Composition I US History I Psychology Intro Biology Found of Education	Composition II US History II Abnormal Psychology Intro Biology Found of Education
5. Bryant High School	Composition I	Composition II
6. Glen Rose High School	Composition I College Algebra	Composition II
7. Harmony Grove	Composition I College Algebra Civ to 16 th Century	Composition II Psychology Civ from 16 th Century

8. Magnet Cove High School	Composition I Oral Communication	Composition II Humanities: Theater
9. Malvern High School	Composition I College Algebra	Composition II College Algebra
10. Ouachita High School	Students come to campus for a variety of courses	
11. Paron High School	Composition I US History I	Composition II US History II
12. Poyen High School	Intro Biology Intro to Sociology	Intro to Computers Civ to 16 th Century

Sheridan, Malvern, Glen Rose, Magnet Cove, Poyen, and Bismarck High Schools will send technical students to the Career Center for concurrent enrollment in Automotive Service Technology, Computer Technology, Welding and, next year, Cosmetology.

Arkadelphia, Gurdon and Sparkman High Schools will probably be sending students to the Arkadelphia satellite for the Industrial Maintenance Technology program which will also provide concurrent enrollment courses. This past spring about 300 high school students, or 25 percent of our headcount enrollment, were taking college courses.

3. OTC's new Allied Health Building Construction Project Progress Report: The focus of our building contractor is now on the cabinetry, the flooring, the parking lot, and on all the little finish and clean-up details. The HVAC, ceiling, doors and electrical is now 100% complete. All the offices now have carpeting.

The asphalt paving for the parking lot is scheduled to start this week if wet weather does not delay them again. The contractor now has the gravel base down and prepared but has been delayed on the pavement because of rainy weather. The contractor says that 3 consecutive days of completely dry weather is needed for the pavement application. We have not had 3 consecutive workdays of dry weather since March and none are forecast for the foreseeable future.

Our maintenance staff has already sodded Bermuda grass and it has been growing very well. Other landscaping of the building is also underway. The Arkansas Forestry Department has given us a variety of hardwood trees to plant around the building.

Last month the superintendent on the job thought that the building would be completed by June 1, but, now says it may be mid-June.

4. I reported to you this past winter that we had had two complaints filed in the Arkansas State Claims Commission against us by the attorney, Paul Byrd of Little Rock for two different former students, Ms. Tammy Edwards of Hot Spring County and Mr. Bill Brown of Saline County. We thought that both the Claims Commission and the Legislative Council Claims Review Subcommittee had settled the case on our favor.

As you may recall, the Plaintiffs are former students who had been enrolled in the Microsoft Certified Systems Engineer (MCSE) program beginning on August 19, 2000. The MCSE program was started as a non-credit, continuing education program under the supervision of Mr. Frank Opitz and instructed by Mr. George Greipp. The program was offered on 16 Saturdays from 8 a.m. to 5 p.m. and was primarily an exam-preparation class. The students are required to pass 7 national, standardized exams at a Microsoft certified exam center where the proctored exams are administered. The Plaintiffs each paid \$5,835.70 for the course, which included the costs of taking the 7 exams at \$100 each.

At the time the program started, OTC's Center of Workforce Excellence was an approved exam center. There were only 6 or 8 students in this initial course.

The MCSE courses are now offered for credit and they are a part of our Associate in Applied Science Degree in Computer Information Systems program.

We had our hearing on the case with the Claims Commission on February 13, 2003. The plaintiff's attorney had rejected any of our offers at settlement. We had offered several settlement provisions that totaled about \$1,000. On Monday February 24, 2003 we learned that the Claims Commission had ruled in our favor and dismissed the complaint.

In March the attorney for the plaintiffs filed an appeal with the Legislative Council Claims Review Subcommittee. On Monday March 24, 2003 the Subcommittee met to review the case. Because the call of the Subcommittee meeting was on such short notice and because it was early on Monday morning during the spring break season, neither the plaintiffs nor the plaintiff's attorney showed up for the hearing. The staff of the Subcommittee indicated that at the time of notice, the plaintiffs attorney was on vacation and planned to be out of town on the date of the hearing but that he had indicated that he would have the plaintiffs attend the hearing. The Subcommittee was miffed at their absence, asked us a few questions and then voted unanimously to support the Claims Commission decision in our favor. We thought the whole thing was now over. We were wrong.

The plaintiff's attorney had filed a continuance because of the short notice and it had not been received by the staff until after the hearing. We also found out that the plaintiff's attorney had also contacted the Chair of the Subcommittee and

lobbied him for reconsideration. At the direction of the Chair, the Subcommittee rescheduled the hearing on the appeal. The date that was selected, April 9th, was a conflict for me as I was scheduled to be in Arkadelphia to make a presentation to the superintendent's Board of the Dawson Education Cooperative to promote enrollment in our Ouachita High School Career Center and in our concurrent courses.

Our attorney, Assistant Attorney General Arnold Jochums, and Mr. Bob Washington attended the rehearing. The Subcommittee found in favor of the plaintiffs to our amazement. They directed us to pay the \$100 test fee for two tests of one plaintiff and three tests for the other plaintiff and then ordered us to pay \$500 in attorney fees. The total cost to us was a lot of aggravation and \$1,000. I learned from this to not be over confident and to fight any legal matter with everything we can right down to the end.

One of the Subcommittee members reportedly remarked after the deciding vote that President Ballard and Supervisor Washington should probably pay the \$1,000 award out of their own pockets. After the meeting Mr. Washington visited with that legislator and informed him that neither Ballard nor Washington was employed at the College when the thing took place and that the College had taken action to replace both the supervisor and the instructor. The legislator apologized for his remark.

In retrospect, we learned that Mr. George Gripp, the Instructor failed to deliver much instruction to the students that attended the Saturday classes back in 2000. Mr. Gripp had the students moving furniture, stringing coax cable and doing a lot of things totally unrelated to the instructional objectives of the course. This is another confirmation that the Board made a very good decision to support his dismissal. Mr. Opitz erred by not assigning a competent teacher to the class and then failing to supervise the class properly. Ms. Susan Bailey now teaches these courses very competently.

5. We have no additional information to report on the appeal to the Federal Court of Appeals, the case of Ms. Lynette Smith. Our attorney has indicated that it could take between three months to a year for the Court to rule on the appeal.

This concludes my report. I look forward to seeing you at our Finance Committee meeting Monday afternoon at 5:00 p.m. and the regular Board meeting next Tuesday, May 20, 2003 at 5:00 p.m. For your information, future Board meetings are scheduled for July 29, September 30, and November 18, 2003.

Many thanks for your interest, commitment and many contributions.

OUACHITA TECHNICAL COLLEGE
STATE REVENUES 2003-05



During the Special Session the Legislature passed the OTC appropriation bill and a revenue stabilization bill to provide funding for all agencies, colleges and universities. The amount of funding to OTC, from a percentage gain over current funding, was better than the average college or university. The following is what OTC received:

A. Current funding level in "A"	\$2,394,144
B. An increase in "B"	\$ 94,767
C. An increase in "B1"	<u>\$ 87,576</u>
Subtotal "B+B1"	\$ 182,343
Total Allocation	\$2,576,487
D. Workforce 2000 forecast to be current level	<u>\$ 507,198</u>
Total General Revenue	\$3,083,685
E. General Imp. Fund – critical maint/eqpt/library (These funds came from the Senate to be spread over two years)	\$ 106,097
F. Gen. Imp. Fund – HVAC/roofs/campus improvements	
Act 399 (From Senator Faris)	\$ 43,903
Act 559 (From Rep. Scrimshire)	<u>\$ 90,000</u>
Total	\$ 133,903
(These funds to be spread over two years)	
G. An increase in FY 2004-05 (Providing the State realizes a 4.3% growth)	\$ 70,000
H. Total new dollars above current level for 2003-05	<u>\$ 492,343</u>

All in all it is about a half million in new dollars based on current revenue forecasts. If the revenues do not live up to forecasts then we will be cut as we have in previous years (5 times this year).

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *JB/SL*
Date: April 30, 2003
Re: Update on Various Issues

Below is a list of significant accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. I mentioned last month that the frustration level at the State Capitol was very high. That frustration and a lack of leadership (caused primarily by inexperience resulting from term limits) and cooperation caused the Legislature to adjourn before a State budget had been approved. It is embarrassing and shameful that our State Legislature could not make provision for even the most basic of State government. The Legislature sure did not fulfill its primary responsibility. The House never approved OTC's appropriation bill. Additionally, the House could not agree on a Revenue Stabilization Bill/Act (RSA) and at adjournment, had not passed one. Therefore, OTC has neither an appropriation nor any funding. The only real consolation is that about half the agencies and about a third of the colleges are in the same fix. And because they also did not approve the "Public School Fund," all public schools are in the same boat.

As you know by now, the Governor has called a special session of the Legislature which will start Monday morning, May 5. I plan to be there at the start and probably will stay at the Capitol until they adjourn. Hopefully by the end of the week, we will have both an appropriation and some funding. The session should only last 3 to 5 days.

At adjournment, we were very discouraged because it looked like we were going to have to live the next two years with the same level of funding that we have right now. That level is over \$50,000 less than what we had at the beginning of the

year because of State revenue shortfalls. That would mean more OTC employee layoffs, no employee raises (very bad since our employees are among the lowest paid in the state colleges), limiting enrollment and turning away students, and still being forced to increase tuition and fees.

However, in recent days, there has been a strong attempt to get legislators to focus on State priorities and to cooperate in some give and take. Even the Governor is trying to get those young Republican House members to cooperate and to seriously consider the proposed tax on tobacco products. Also, Senator Jim Hill, the leader in the Senate and very conservative, has proposed that the Senate approve the expenditure of General Improvement Funds (GIF) exclusively on State projects and general operations instead of local projects all over the state. They initially planned to spend these State dollars on city parks, volunteer fire department buildings, county rodeo arenas and beautification projects. As a result, I am more hopeful. The Senate plan to use GIF money on operations will provide OTC with about \$100,000. The tobacco tax will provide OTC with \$90,000 to \$180,000, depending upon the percentage that they finally settle on. The Governor wants to use the normal growth in State revenue to fund a raise for state employees, including OTC employees, and to fund Medicaid and open State prisons such as the one at Malvern. I will send you an update after the special session is over. There will still be at least one more special session in September to deal with the public school adequacy issues and funding.

2. OTC's new Allied Health Building Construction Project Progress Report: The focus of our building contractor is now on all the little trim and finish details. The HVAC is now 100% complete and the building is cool. The electrical is 100% complete on the inside and 85% on the outside where a half dozen light poles will be installed around the parking area in the front of the building. The side and back also have exterior lighting that is surface mounted on the building.

The ceiling is installed. The doors are all installed and finished with hardware yet to be installed in them. Cabinets are being delivered and will be installed and finished by this time next week. The paving for the parking lot is scheduled to start this week if wet weather does not delay them. Next week after the cabinets are installed, the flooring people will begin their work. Our maintenance staff has already started doing landscaping work focusing on drainage and grass sod. We have trees yet to be planted and more sod, but that will wait until after the parking lot is finished.

A month ago I told the superintendent on the job that he would not be around much in June. He kept saying that there would be a lot of finish and cleanup work in June. He now admits that the building will probably be complete by June 1.

3. We finally closed on the purchase of the home owned by Mr. and Mrs. Marvin Thomas next door to the College. The family has now moved to their new home and the house is vacant. We plan to rent the house to Mr. George Welch, OTC Maintenance Supervisor. The rent will be reduced to \$250 per month for the first six months, during which time George will clean up, fix up, and repaint the entire dwelling, inside and out. After the initial six-month time period, Mr. Welch will pay a rent amount that is near the low end of the fair market rental value. In exchange, his presence will add a measure of security to the campus and he will be able to better supervise night and weekend custodial and maintenance workers.

4. We have no additional information to report on the appeal to the Federal Court of Appeals, the case of Ms. Lynette Smith. Our attorney has indicated that it could take between three months to a year for the Court to rule on the appeal.

5. We have started to plan a private fundraising campaign. Many thanks to Mr. Pete Paladino, Mrs. Kristi Norris, and Mr. Dale Jenkins who worked with our leadership team this past Monday to review our goals, objectives, and resource needs. The group developed a good list of projects that need to be funded in order for the College to continue to make good progress. You will hear a lot more about this campaign in coming months.

This concludes my report. I look forward to seeing you at our Board meeting next Tuesday, May 20, 2003 at 5:00 p.m. For your information, future Board meetings are scheduled for July 29, September 30, and November 18, 2003. Also, we hope to see you at our graduation ceremony that is set for 2:00 p.m., Saturday, May 10, at the Malvern High School Auditorium. Graduation is a very important part of the life of the College. It is what we all strive for.

Many thanks for your commitment and many contributions.

OUACHITA
TECHNICAL COLLEGE

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *JB*
Date: March 19, 2003
Re: Update on Various Issues

Below is a list of significant accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. The frustration level at the State Capitol is really growing. The Arkansas General Assembly continues to struggle with appropriation bills. OTC's appropriation bill is still stuck in the Joint Budget Committee (JBC) along with almost all the others. There is a special order of business this coming Thursday, March 20, 2003 in both the Personnel Subcommittee and in the JBC on the appropriation bills of the colleges. This was to be a holiday for me but I must be there to answer questions as they hold up bills for the least little thing.

OTC's appropriation bill has been held up because the Legislative Council staff put a note on the JBC agenda description of our bill and indicated that it included a request for 20 new positions. If they had only indicated that the 20 additional positions were part-time adjunct faculty positions, it would already have been passed by now. In the last 5 years we have not had any new full time faculty hired. We have doubled our student enrollment during that time but done it all with part-time faculty. We have not had the money for full time faculty. Some terms, we have not had enough positions to hire adjunct faculty to start a new term and have had to wait to get one adjunct faculty member terminated and off the payroll to vacate a position that we could then fill with a new adjunct faculty member to start a new school term. They will eventually approve it but it takes a lot of patience.

2. On February 26, 2003 Dr. Beene presented the appropriation requests for all of higher education. I reported a bit on that last month. At the end of the JBC

meeting that day, she was asked to request that every individual college prepare a one page sheet answering the following three questions; 1. What is the cost for basic minimal services?, 2. What would be the impact if your budget for the next biennium remained the same?, and 3. What are the institution's funding needs for the next two years and how can you justify additional funds?

The one-page sheet that we prepared to answer those questions is attached for your information. Dr. Beene summarized all the explanations in her one-page transmittal letter to JBC to which she attached all the one-page summaries from the institutions. Dr. Beene's letter is also attached for your information.

3. At the State Capitol in Little Rock, there seems to be a strong, growing consensus among legislators that the General Assembly should recess in mid-April and go home without increasing the appropriation or funding for a single agency or college. They seem to think that they should not even make a provision for a cost of living increase for employees or public school teachers.

They seem to believe that if there is no new money for anything, the heads of the agencies and institutions will cut out the fat, eliminate unneeded programs and services, layoff low priority employees and otherwise freeze nonessential activities. They seem to think that this strategy will 1. Cause a lot of anger, hurt, and ill feelings across the state in just about every publicly supported organization, 2. Create more public support for various new taxes, 3. Allow some time for the "adequacy study" to be completed by mid-August, 2003, so that the Legislature can better determine the actual cost for an "adequate and equitable public education" and 4. Create a lot of grass roots and media support to allow them to levy enough new taxes to pay for it all including a little increase for essential state government programs with employee and teacher salary increases. Many House members are saying that if they have to vote for new taxes, they are only going to do it one time, i.e., not now for general government and then again in September for education.

4. The OTC appropriations bill is currently written at only about \$50,000 above our current funding level for the next two years. If our future funding is essentially at our current funding, then we have a major financial challenge. Here is why. **Our costs are increasing and our actual funding will go down.** The costs that we know are increasing add to about \$180,000 and include:

- a. Utility costs – gas alone may go up 40%..... (Est) +\$25,000
- b. New Health Bldg maintenance and utilities..... (Est) +\$65,000
- c. Retirement matching (+1%0)..... (Est) +\$27,000
- d. Health Insurance (+10% to 20% in Jan 2004)..... (Est) +\$24,000
- e. Inflation on general operations (+3%)..... (Est) +\$38,000
- f. Employee salary increases (+0%)..... (Est) +\$0

OTC's current funding from state sources include \$2,394,144 of general revenue

and \$456,300 from Workforce 2000 (corporate taxes). We have been told that we will likely be funded at the current year's level for general revenue but that the Workforce 2000 revenue will be down 10% to 20% because corporate earnings are down again this year. The State Workforce 2000 fund receives revenues all year then the state parcels it out the following year. If we get cut only 10% the reduction will be \$45,630!

In order to deal with these dramatic conditions, we must give consideration to taking certain steps that will help us get to a balanced budget. I believe that we must consider all of the following, among other things:

- a. A reduction of full-time employees.
- b. A reduction in the number of instructional programs with small enrollments such as VAST, Criminal Justice, AA Teaching, etc.
- c. A reduction in the number of students we serve by reducing the number of classes that are offered in general education and in career programs.
- d. A continuation of a 12-student minimum class size or possibly even raising the minimum to 13 or 14. A problem in doing this is that we establish a maximum class size as double the minimum, i.e., if the minimum is 12 then we do not split a class that has too many in it until it grows to 24 students. We have very few classrooms or labs that accommodate over 22 students.
- e. An increase in the tuition and fees charged to generate more revenue.

I have completed a tuition and fee analysis chart for us to study and it is also attached. A number of the colleges have already announced 23% increases. The university presidents and chancellors feel that all colleges should increase at least 20% if we get no new money. They think that we can blame large increases on the legislature.

5. OTC's new Allied Health Building Construction Project Progress Report: The focus of our building contractor has finally changed. Since the structure and skin was up last December, the focus had been the exterior brickwork and the interior support systems (electrical, plumbing, and HVAC) utilities. The HVAC is now over 95% complete. The exterior compressors were being set on their pads today and all the interior work is complete. The interior drywall is up 100% and the tape and bed work will be finished this week. The painting has started and it will be largely complete by next week. The electrical is about 95% complete including the smoke and fire detection system.

We have had a problem getting the new electrical service to the building because it is to be in a buried conduit three foot deep extending from Molene Street to the back of the building. We have had so much rain that the soil is saturated making it impossible to dig a three-foot deep trench that will not cave in. They are pumping water out of a two-foot deep trench today hoping to get it dried out enough. It has been so wet that the trenching machine gets stuck and becomes difficult to move.

In the next few days, they will begin to install both interior and the exterior doors. All the exterior doors include some storefront glass treatment. They will also start the installation of cabinets, vinyl floor tile, the ceramic tile in the bathrooms, and the ceiling grid by mid-April.

The contractor will also soon begin to work on the exterior parking lot and sidewalks.

All the finish colors, carpet and tile have been decided on and have been ordered.

The general contractor says we are still on schedule to have the building completed by the middle of June. Mr. Doug Butler, the Superintendent on the job, feels that it will actually be finished by the end of May. We are pleased with the progress thus far. We are especially pleased that we are more than 75 percent complete and we have not had to make even one change order. They are expensive. There have been a lot of small changes, sure, but Mr. Butler has been able to work them out with the cooperation of the subcontractors and they have not added to our cost.

6. We are finally about to close on the purchase of the home owned by Mr. and Mrs. Marvin Thomas next door to the College. Dr. Coomer has had the help of an attorney with the AG's office and also with McClure Title Company. We should close by the end of April and the Thomas family should be moved by the end of May. Dr. Coomer will have a more detailed report on this at the Board meeting next week.

7. I reported to you in December and February that Ms. Lynette Smith had appealed the decision of Federal District Judge Robert Dawson to dismiss her lawsuit against the Board. Ms. Lori Freno has prepared a brief arguing our position for us and it was just submitted this week with permission of the Court. She gave the Court four good legal reasons why the appeal should be turned down. She indicated to me that the Court usually takes about four months to make a ruling, but, that it could be as soon as two weeks or as long as a year. Board members are free to contact Ms. Freno at 501-682-1324 to get more details.

This concludes my report. I look forward to seeing you at our Board meeting next Tuesday evening March 25, 2003 at 5:00 p.m. For your information, future Board meetings are scheduled for May 27, July 29, September 30, and November 18, 2003.

Thank you.

Ouachita Technical College (OTC), One College Circle, Malvern, AR 72104
 Barry Ballard, President, Email: bballard@otcweb.edu, Tel: 501-337-5000, FAX: 501-332-4100

Response to Dr. Linda Beene, Director, Arkansas Department of Higher Education, 114 East Capital Street, Little Rock, AR 72201, regarding 3 questions posed by the JBC on Feb. 26, '03.

"Question #1. What would be the cost of basic minimal services?" OTC answer: 1. The costs of basic minimal services for next year is the funding level we now have plus \$288,612 with a 9% tuition increase and \$388,612 without a tuition increase. The following is a summary of enrollment and funding in recent years:

Fiscal Year	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
State Gen Rev (actual)	\$2,394,144	\$2,394,144	\$2,463,266	\$2,538,292	\$2,489,119	\$2,325,606	\$1,767,498
Workforce 2000 (actual)	456,300	507,000	582,540	682,260	659,880	722,340	722,340
Total State funding (act)	\$2,850,444	\$2,901,144	\$3,045,806	\$3,220,552	\$3,148,999	\$3,047,946	\$2,489,838
Enrollment (Fall Headcount)	1,255	968	829	896	788	682	601

During this period the enrollment is up **110%**, more than double, total funding is up only **15%**, and Workforce 2000 funding is down **-37%**.

A. With \$288,612 additional funding, OTC will still limit enrollment by using a 12 to 15-student minimum class size resulting in turning away about 50 students or 25 different students per term. For the Fall 2003 term, OTC will need to raise the minimum class size to 13-15 students, which will result in turning away 150 to 200 students, or about 50 different students per term. Some low-enrollment occupational and technical programs will be on probation. If OTC closes low enrollment or expensive programs, it will eventually become a liberal arts 2-year college.

B. OTC will raise tuition by 9% or \$5 to raise about \$100,000. The additional money is needed to compensate for the following: 1. Workforce 2000 will be lower by 10% or \$45,630. 2. A 2.7% salary increase costs \$72,900. 3. Payroll costs on the 2.7% increase are \$20,992. 3. Operating cost for the new building is \$65,000. 4. State employees medical insurance increase \$48,000. 5. Retirement matching increase \$27,000. 6. Inflation on other operating costs (utilities, telecommunication, etc.) \$38,075.

C. OTC will borrow money by issuing revenue bonds, to pay for capitol improvements to replace old, leaking flat roofs with retro-fitted pitched, commercial metal roofs and relocating 30-yr old air conditioning (HVAC) systems from the flat roofs onto the ground thus preserving 30,000 sq.ft. of classroom, lab and faculty office space that is heavily used and badly needed for the future.

"Question #2. What would be the impact if your budget for the next biennium remains the same as it is now? What would be the impact on your students and the state?" OTC answer: #2. The OTC answer is similar to #1. above except that things will be much worse.

A. OTC will have to raise tuition by 18 to 20% to raise an additional \$200,000.

B. It will be forced to cut programs and current enrollments not just limit enrollments with a high minimum class size policy. It will cut 2 programs, the VAST AAS Program in Business Technology, and the Criminal Justice AAS (started to support the new Malvern Prison DOC not opened). If DHS closes the Ark. Health Center at Benton, OTC will also close down the L.P.N. Nursing and C.N.A. Nursing programs that are located there. OTC will have to limit enrollments for both years 2003-04 school year (about 150 to 200 students will be turned away as described above and even more so for the 2004-05 school year when it is estimated that the minimum class size would be in the 17 - 19 minimum student range and it would turn away about 300 to 400 hundred total or about 100 different students each school term.

C. OTC will continue to experience significant increases in operating costs such as utilities, telecommunications, technology and equipment, and medical insurance for employees among other things. Costs increases in these areas are multiple times normal inflation rates. The new building to accommodate nursing and allied health programs will cost \$65,000 for utilities, maintenance and custodial services.

D. Additionally, OTC employees are among the lowest paid employees among all the institutions of higher education in the state, e.g., there are a number of faculty and professional personnel that earn significantly below \$30,000 per year. With the new Supreme Court ordered improvements in the public schools, either a state teachers pay plan or a minimum teachers pay rate will be established and the minimum for a bachelors degree will likely be in the \$27,000 to \$30,000 range if they are to be improved above what they are now. OTC will have numerous faculty and professional staff, many with master's degrees, earning below this minimum and turnover will be high.

"Question #3. What are your funding needs for the future and how can you justify additional funds?" OTC answer: to #3. OTC needs about \$288,612 to stay where we are. It needs about \$450,000 to stop limiting enrollment and to get its ratio of instruction taught by part-time, adjunct instructors returned from the current 50% level and climbing to the 40% level (45% max by policy). And, it needs \$500,000 for capital improvement money for major maintenance to replace HVAC units and a leaking flat roof to keep 30,000 s.f. of class/lab space.



Arkansas Department of Higher Education

114 East Capitol • Little Rock, Arkansas • 72201-3818 • (501) 371-2000 • Fax (501) 371-2001

Mike Huckabee
Governor

March 11, 2003

Dr. Linda Beene
Director

The Honorable Dave Bisbee, Co-Chair
The Honorable Paul Weaver, Co-Chair
Joint Budget Committee of the Arkansas General Assembly
State Capitol, Room 315
Little Rock, AR 72201

Dear Senator Bisbee and Representative Weaver:

This letter is in response to the request of the Joint Budget Committee on February 26 in which three questions were asked of the public higher education institutions. Specifically, you asked each institution for a one-page summary assessment of their critical needs, the cost of those needs, and the impact if additional funding is not made available. Enclosed are the responses from the public higher education institutions.

I would like to highlight the following from the enclosed responses:

- 30 institutions would restrict the number and schedule of course offerings for general education courses such as mathematics and English
- 20 institutions would increase tuition from 10% to 26%
- 19 institutions reported that critical maintenance needs would not be addressed
- 18 institutions said computer equipment and technology upgrades would not be purchased
- 14 institutions planned to reduce the availability of student services affecting retention such as hours of operation for library and student counseling center
- 14 institutions reported that programs including, but not limited to nursing, allied health, medical and technology would be eliminated or reduced significantly
- 12 institutions expected business/industry services and community outreach to be reduced or eliminated
- 9 institutions reported that institutional needs-based or merit-based scholarships would be reduced or eliminated

I hope this information is valuable to you and your committee. If you need any further explanation or information, please call me at 371-2032. I look forward to working further with you on the subject of higher education in Arkansas.

Sincerely,


Linda L. Beene, Ed.D.
Director

Enclosures

OUACHITA TECHNICAL COLLEGE

Analysis of Tuition and Fee Income

March 19, 2003

The following chart shows the amount of income that would be derived from various percentage increases in the amounts of tuition and fees charged to students:

	Tuition	Fees *	Total	Revenue with 20,000 SSCH
Current Rates	\$ 45	\$ 11	\$ 56	\$ 1,120,000
+ 9 percent	+4	+ 1	+ 5	100,000
10 percent	5	1	6	120,000
13 percent	6	1	7	140,000
15 percent	7	2	9	180,000
18 percent	8	2	10	200,000
20 percent	9	2	11	220,000
22 percent	10	2	12	240,000
25 percent	11	3	14	280,000

* Special Fees apply in certain Laboratory Courses (\$5), Science Lab Classes (\$10), for First Registration (\$20), for Graduation (\$25), for a Returned Check (\$15), for Late Registration (\$5), and a Schedule Change (\$5).

OUACHITA
TECHNICAL COLLEGE

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President *JTB*
Date: February 28, 2003
Re: Update on Various Issues

Below is a list of significant accomplishments and activities about which I think you will be interested. The items are in no particular order.

1. The Arkansas General Assembly is really struggling with appropriation Bills, OTC's included. Our appropriation bill is SB 253. I have enclosed a copy of it for your review. All bills that have the appropriation of money in them are referred to the Joint Budget Committee (JBC). For regular agency and institutional operations, the JBC actually sponsors the bills, as they did for our bill. For anything special or new where an appropriation and funding is being requested, one or more members of the legislature must sponsor the bill. Not even the Governor, the Attorney General, or other constitutional officer may sponsor and introduce a bill. Senator Steve Faris has sponsored an appropriations bill for OTC that will provide \$500,000 from Capital Improvement funds to OTC for campus improvements generally, and specifically for relocating rooftop air conditioning units to the ground and installing retrofitted, pitched, commercial metal roofs on the +/- 30,000 square foot of our oldest brick classroom and office buildings that are now about 30 years old and have leaking flat roofs on them. His bill is SB444 and it is also enclosed for your information.

Remember, an appropriation is nothing more than an authorization to spend. Though it is necessary, it does not provide the funding or the money. The funding will come to us via the Revenue Stabilization Act (RSA) and it will not be drafted until the last ten days of the session and it will likely be the last bill the Legislature passes just before they adjourn or recess. I tend to think of an appropriation bill

as a bucket to catch money. We have to have the bucket to catch the money and spend it, but, it does not provide the money – that is done by the RSA.

As things stand right now, there is little sentiment to raise money via new taxes for anything but the public schools. The revenue forecast over the next two years will provide little, if anything, beyond a 2.7% pay raise for our employees. I have written a letter to Dr. Beene at the Department of Higher Education describing how freezing us at the same budget level for the next two years will effect our operation, and it is also attached for your information. She had to make a presentation to the JBC this past Wednesday, February 26, 2003 on appropriations and funding needs for all of Higher Education. She had requested letters from all college presidents to help her prepare for the presentation. Her presentation was well received but they are afraid to give any agency or institution any more money until they know what the fix for the K-12 public school problem will cost.

Now, the two-year college presidents have worked to get a special appropriation bill drafted and sponsored that will provide about \$30 million of new money to the two-year colleges. So far we have about 10 legislators who have agreed to cosponsor it. This money is needed to make the funding among colleges more equitable and to accommodate our growth. OTC will get about \$850,000 (or about 3%) of the new money each year from this bill but we have no clue how or at what level it would be funded. A draft of this bill is also enclosed for your information.

Our main hope is that two-year colleges will get some new money for equity purposes (because some colleges have grown much faster than others and because of low, incremental funding by the Legislature, some colleges are funded as low as \$2,000 per full-time equivalent [FTE] and some as high as \$6,000 per FTE and OTC is right in the middle at about \$4,200 per FTE) and to help us build partnerships with local school districts to help them meet the new accreditation standards. The Governor, the Director of the Department of Education, Mr. Ray Simon, and a growing list of legislators believe that the two-year colleges could be very helpful to local school districts as they attempt to meet the new standards. When the "adequacy" study is finished this coming summer, the legislature will go back into session and determine how much it costs to implement.

Some estimate it will cost as much as \$450 million. If that is so, they might include money for the two-year colleges to assist public schools in meeting the standards. That will help our chances of getting a big part of our \$30 million funding bill passed and funded.

2. OTC's new Allied Health Building Construction Project Progress Report: The focus of our building contractor is still on the same two areas as last month – the exterior brickwork and the interior support systems (electrical, plumbing, and HVAC) utilities. The HVAC is over 80% complete. The drywall is 90% complete but painting has not yet started. And the electrical is about 90% complete including the smoke and fire detection system.

The bad February weather delayed the completion of the brickwork, although, they are about 65% complete on that too.

Over the next month, the priority will be to finish the brickwork, get all the doors installed (the windows are already 100% complete), finish all the drywall and painting, and begin the installation of cabinets.

The general contractor says we are still on schedule to have the building completed by the middle of June. We are pleased with the progress thus far.

3. We have finally heard from Mr. and Mrs. Marvin Thomas. They have decided to sell their property to the College at the appraised value of \$70,000. As you recall, they are the unhappy owners of the residential property on Park Street adjacent to the new Allied Health Building now under construction.

Dr. Coomer has stayed in contact with them and recently indicated that our offer to them might expire soon. Last week they came to us and said that they now want to sell as soon as possible. Dr. Coomer has contacted Assistant Attorney General Don Barnes who is helping us with the purchase. The Thomas' have already purchased title insurance which satisfies a long list of required assurances. We will be very near to completing the purchase by our next Board meeting on March 25th.

4. I reported to you in December that Ms. Lynette Smith had appealed the decision of Federal District Judge Robert Dawson to dismiss her lawsuit against the Board.

We now know the reasons for her appeal, and Assistant Attorney General Lori Freno has prepared a brief arguing our position for us. The Eighth Circuit had given her until February 4, 2003 to file a brief, within which she is required to reveal her reasons for the appeal. She argues in her brief that the Federal Court basically threw out her lawsuit on a technicality because she had not claimed "race discrimination" in her EEOC complaint but did include it in her lawsuit.

Ms. Lori Freno, Assistant Attorney General, our attorney on the appeal, will argue that case law has held, time after time, that a plaintiff can not bring up something in a lawsuit that had not been explored and reviewed by the EEOC process. She further argues and proves that plaintiff had additionally presented no proof of

such discrimination. The Appellant's brief was filed on February 4, 2003 we will have until March 5, 2003 to file our responsive Appellee's brief. Ms. Freno will prepare our brief and file it for us after we have reviewed it. The trial will be decided by the Eighth Court entirely on the briefs. Neither we or our attorney nor the Appellant or her attorney will have to go the St. Louis and be present for a trial. Her appeal can only be based on error or omissions committed by the Federal District Judge. She cannot admit new evidence or new allegations. We will keep you updated.

Assistant Attorney General Freno always asks me to remind you that she would be happy to have any Board member call her at 501-682-1324 to get more details.

5. As I indicated to you in my December, 2003 report, we had had two complaints filed in the Arkansas State Claims Commission against us by the attorney, Paul Byrd of Little Rock for two different former students, Ms. Tammy Edwards of Hot Spring County and Mr. Bill Brown of Saline County. The Plaintiffs are former students who had been enrolled in the Microsoft Certified Systems Engineer (MCSE) program beginning on August 19, 2000. The MCSE program was started as a non-credit, continuing education program under the supervision of Mr. Frank Opitz and instructed by Mr. George Greipp. The program was offered on 16 Saturdays from 8 a.m. to 5 p.m. and was primarily an exam-preparation class. The students are required to pass 7 national, standardized exams at a Microsoft certified exam center where the proctored exams are administered. The Plaintiffs each paid \$5,835.70 for the course, which included the costs of taking the 7 exams at \$100 each. At the time the program started, OTC's Center of Workforce Excellence was an approved exam center. There were only 6 or 8 students in this initial course.

Our attorney in this case, Mr. Arnold Jochums, Assistant Attorney General, requested our ideas on a possible settlement. I had indicated that we are open to settling this thing primarily by allowing the students to return to school at no expense to them and to earn college credit for their work. The MCSE courses are now offered for credit and they are a part of our Associate in Applied Science Degree in Computer Information Systems program. We might also offer a few hundred dollars each for the expensive exams they have yet to take. And, we might offer to pay some of their attorney fees. The whole thing would cost us less than \$1,000 to \$1,500.

We had our hearing on the case with the Claims Commission on February 13, 2003. The plaintiff's attorney had rejected any of our offers at settlement. On Monday February 24, 2003 we learned that the Claims Commission had ruled in our favor and dismissed the complaint. I have not seen the ruling and do not yet know the basis for it.

6. I reported to you last month that the computer server for our POISE student data and accounting system had crashed and that it was going to cost us about \$25,000 to get it replaced. After we ordered the computer, it arrived in Tulsa, OK at the headquarters of our POISE support group; in about 2 days and our computer techs went to Tulsa with our tape backups. Within 8 hours they had completely restored all the data on the system and had run all the system checks and diagnostics. They then loaded the computer in their car, drove from Tulsa back to Malvern, reinstalled the system at OTC and had it ready to go for all our Student Affairs personnel by about 2:00 a.m. the next day. We were only down about 3 days. Lucky for us the manufacturer had the computer in stock and we had just finished registration for the Spring term. Everything is back to running fine now. We are fortunate to have such a competent and dedicated staff.

7. It will soon be time to start working on our 2003-2004 budget. We will not be able to finalize it until after we know at what level the Legislature is going to fund us. We have been told that the Workforce 2000 funding, about \$509,000 this year to OTC, will be down about 10 percent or \$50,000. We have been told that our employee medical insurance premiums will be up about 20 percent beginning in January, 2004 and that will cost us about \$23,000. We have been told that the Governor and the Legislature are intent on giving all our employees about a 2.7 percent salary increase with the funding for it, **BUT**, we have to come up with the salary expense matching on the increase which is about another 23 percent, or \$16,000. We have also been told that the employer contribution rate for participants in the Arkansas Teacher Retirement System will likely increase by 2 percent and that will cost us an estimated \$50,000 although they are trying to find some of the funding for that. Finally, they have told us that they are going to fund us at the current, 2002-03, levels!?!? We know also that our gas, electric and telecommunications expenses will go up because of rate increases and because of the new building we are bringing on line. We will also have to start working on the roofs of our 30 year-old buildings.

Unless there is an additional revenue source to help fund two-year colleges that currently does not exist, we are in a real pinch and will have to take some action to deal with our resource needs. There are four things we can do. Enrollment can be limited or reduced. Tuition and fees can be raised. We can borrow money and pledge a portion of future tuition and fee income to pay it back. The state Board of Higher Education will only approve this last method for capital construction or major repairs and modifications. The OTC roof problem would meet their criteria for the borrowing. And, lastly, we can continue to accommodate enrollment increases with part-time, adjunct instructors. There is a Board policy that OTC will deliver no more than 50 percent of its instruction with part timers and we are just about at the 50 percent level now. We have accommodated almost all of our tremendous enrollment growth the last six years when we have grown 100 percent, is with part timers. We would need to consider revising the policy limit by raising it to 60 or 65 percent.

The final solution we come up with might be a combination of all these things. Please be thinking about this. We need your advice. Our tuition is at \$45.00 per credit hour and our fees are at \$11.00 per credit hour plus either \$5.00 or \$10.00 for lab fees with the higher amount for science labs. If we raised these rates by 9 percent to \$49.00 for tuition and \$12.00 for fees, it would produce about \$100,000 of additional revenue. Some colleges are going up as much as 23 percent. We will need to discuss this at length at our next Board meeting.

8. In closing (I always try to end with some really good news), we had a great enrollment for our new Spring 2003 Semester. Our enrollment is very good. We are up 17 percent over our record-setting Spring enrollment of 2002, when we hit 1,000 students for the first time, at 1,179 students.

I look forward to seeing you at the next Board meeting set for Tuesday evening March 25, 2003. The other Board meetings are scheduled for May 27, July 29, September 30, and November 18, 2003.

Thank you.

Attachments (4)

Memo

To: Members of the Board of Trustees
From: Barry Ballard, President
Date: January 22, 2003
Re: Update on Various Issues

Below is a list of significant accomplishments and activities about which I think you will be interested. The items are in no particular order.

1) The Arkansas General Assembly got underway last week amidst a lot of pomp and swearing-in ceremonies. Some of the bigger issues the Legislature face include; (A) Public Schools and how to pay for an adequate education (the meaning of that is yet to be determined) on an equitable basis so that all children get the same quality of education but an emerging side issue is school consolidation recommended by the Governor and the Department of Education, (B) Tort Reform to cap punitive damages for unintentional acts to 3 times the economic damage or \$250,000 whichever is less and other changes in House Bill 1038 which is supported by almost all business, industrial and economic development groups but opposed by the trial lawyers, (C) reorganization of state government into 10 departments headed by a secretary and containing bureaus and offices (similar to the federal model) as proposed by Governor Huckabee during his inauguration, swearing in and state-of-the-state address, and (D) the state budget with dozens of appropriations bills and subsequent funding of them through the 2003 Revenue Stabilization Act. So far, we are most concerned about the last item – state funding for OTC during the 2003-05 biennium.

I am not very optimistic about OTC funding specifically and about higher education funding generally. Though the Governor has recommended a tax increase with a portion of the proceeds planned for higher education, the legislature has, so far, ignored the Governor's tax proposal and required all planning of appropriations to OTC and all other institutions and agencies to be

based on the forecasted growth of revenue over the next two years from the current tax structure. OTC's portion of that increase would permit us, perhaps require us according to special language the Governor wants, to give a 2.7 percent pay increase to current full-time employees in each of the two years. But, we would have little, if any, money to add full-time faculty or support personnel that are so urgently needed to handle the tremendous growth that we have experienced.

Most of the university presidents are fighting with the Governor over that special language requiring a 2.7 percent increase because, they argue, the planned state funding increase will only be enough for raises to regular state employees, whereas, some of the institutions have many of their employees paid from auxiliary income and sponsored research grants. As an example, UAMS will only be given enough of an appropriations increase to cover the raises for 40 percent of its regular state employees because it has 60 percent of its employees that are paid from university hospital income (they are the nurses, housekeeping, technicians, maintenance and food service workers required to run the hospital or they are researchers and support workers paid from medical research grants) and the institution will not be given the money to cover the cost of raises for them.

OTC only has one full-time employee and a couple of part timers paid from auxiliary income and they work in our bookstore. All colleges have some employees paid from auxiliary income. Some have many. We generate enough bookstore revenue to only break even with our direct costs of operating the bookstore that includes the salaries of the bookstore manager and the two part time employees. The research universities and the larger senior colleges that have a lot of residential housing and food services for students tend to have a lot of employees that are paid out of auxiliary income and research grant money. I think they will be able to work something out with the Governor to give some flexibility on how the money is spent but still give the Governor room to claim that he gave the colleges enough money for raises.

I am spending one to three days a week in Little Rock at the capitol throughout the session seeing to it that OTC's appropriations for operating and capital expenditures are given the proper attention and that the funding bill provides sufficiently. The State Coordinating Board for Higher Education has recommended that OTC receive additional funding for salaries and operating expenses in the amount of \$231,609 each year and an additional capital improvement funding of \$500,000 to replace the 30-year old flat roofs on the original buildings with a metal, pitched roof after HVAC systems have been removed from the roofs and replaced. If we could get what has been recommended we would be in wonderful shape and have the ability to keep growing. Unfortunately, the revenue growth will only result in an increase of about \$60,000 per year and that will be used for raises for current employees.

2. OTC's new Allied Health Building Construction Project Progress Report: The focus of our building contractor is now in two areas – the exterior brickwork and the interior support systems (electrical, plumbing, and HVAC) utilities. We had a little trouble getting the brick delivered as Acme production got behind during the holidays and our brick went into the kiln the same day it was supposed to be delivered on site. A call to Mr. Tom Poston at Acme Brick, Perla Plant got us the information the Superintendent needed to schedule the masonry contractor on site this week. The brick, all 60,000 of them, were delivered last Friday and the bricklayers were laying brick Monday and Tuesday. Wednesday it was too cold so the bricklayers will probably not be back until next Monday although some subs have been working weekends.

The roof is on and all the structural steel is complete. The steel wall studs are up and we can finally see how all the rooms will be laid out. The interior plumbing, electrical, and HVAC subs are working long hours and the drywall sub is putting up sheetrock just as fast as the other is being inspected. We are having weekly meetings now with the general contractor, the subs, and the architect.

Last week we had an unannounced visit from an OSHA inspector who shut us down for an afternoon as several compliance issues were being debated. The result of that was that our general contractor, the structural steel vendor in Oklahoma and the structural engineer in Little Rock are getting some small fines on minor compliance issues such as "failure to have 4 bolts instead of 2 bolts in the base of bearing columns during erection (a new regulation becoming effective 4th quarter of 2002 after our engineering plans were complete)," "Failure to have signs up cautioning workers to wear hard hats," and "Failure to properly ground and shield temporary electrical service wiring used by the craft workers."

There were also some momentary delays last week when the general contractor had a dispute with Mr. Len Dawson, Malvern Code Enforcement Officer (building inspector) over some jurisdiction issues which was resolved after the Mayor and City Attorney were provided with certain state documents and the HVAC contractor purchased a building permit.

The general contractor says we are still on schedule to have the building completed by the middle of June. We are pleased with the progress thus far.

3. As you may recall from my November report, we had submitted the newly approved College policy and procedure for capital construction to the Arkansas Department of Higher Education (ADHE) for approval. That policy document was approved during the October Board meeting. We have received notice from ADHE that the OTC policy met all their requirements and has been approved. That means that we are exempt from State Building Services oversight on

building projects under \$5 million. A copy of ADHE's approval letter was also sent to Mr. Bob Lahman, Director of State Building Services.

We will still have to deal with SBS on property issues and on building leases. For example, we lease the old USA Drug building on East Page Avenue in Malvern to house our Adult Education program. The annual Adult Education grant provides the money to pay the lease but SBS has to approve the lease and we have to use their lease contract documents.

4. We have not heard from Mr. and Mrs. Marvin Thomas regarding their decision to sell their property to the College at the appraised value of \$70,000. As you recall, they are the unhappy owners of the residential property on Park Street adjacent to the new Allied Health Building now under construction.

Dr. Coomer transmitted a copy of the appraisal to Mr. and Mrs. Thomas in November along with the SBS property acquisition procedures that will have to be followed in the event the offer is accepted. We have heard from people in the community that they are still looking in the area for another residence to purchase.

5. I reported to you in November that the Lynette Smith lawsuit had been dismissed by the Federal District Judge Robert Dawson who had ruled on our motion for summary judgment and indicated that the lawsuit and all claims had been dismissed. Lynette Smith has now filed and been granted an appeal of the District Court's decision by the United State Court of Appeals for the Eighth Circuit in St. Louis on January 10, 2003. We do not yet know the reasons for her appeal, as she has not revealed them. She filed her appeal without the assistance of an attorney and she was not required to state her reasons. She is only required to request the appeal within a certain period after the District Court's ruling. She filed her appeal within the permitted time and the Court automatically grants approval for the appeal. The Eighth Circuit gave her until February 4, 2003 to file a brief, which will reveal her reason for the appeal.

Ms. Lori Freno, Assistant Attorney General, will be our attorney on the appeal. After the Appellant's brief is filed on, or before, February 4, 2003 we will have 30 days from that date to file our responsive Appellee's brief. Ms. Freno will prepare our brief and file it for us after we have reviewed it. The trial will be decided by the Eighth Court entirely on the briefs. Neither we or our attorney nor the Appellant or her attorney will have to go the St. Louis and be present for a trial. Her appeal can only be based on error or omissions committed by the Federal District Judge. She cannot admit new evidence or new allegations. We will send you an update on the case if and when the Appellant's brief is filed.

Assistant Attorney General Freno always asks me to remind you that she would be happy to have any Board member call her at 501-682-1324 to get more details.

6. We have recently had two complaints filed in the Arkansas State Claims Commission against us by the attorney, Paul Byrd of Little Rock for two different former students, Ms. Tammy Edwards of Hot Spring County and Mr. Bill Brown of Saline County. The Plaintiffs are former students who had been enrolled in the Microsoft Certified Systems Engineer (MCSE) program beginning on August 19, 2000. The MCSE program was started as a non-credit, continuing education program under the supervision of Mr. Frank Opitz and instructed by Mr. George Greipp. The program was offered on 16 Saturdays from 8 a.m. to 5 p.m. and was primarily an exam-preparation class. The students are required to pass 7 national, standardized exams at a Microsoft certified exam center where the proctored exams are administered. The Plaintiffs each paid \$5,835.70 for the course, which included the costs of taking the 7 exams at \$100 each. At the time the program started, OTC's Center of Workforce Excellence was an approved exam center.

Mr. Opitz set up the testing center at a cost of \$3,500 per year thinking that it would be a convenient resource for the students in the MCSE program and also profitable for the College if more than 35 \$100 exams could be administered each year. After I came in late April of 2001, we dropped the test center after Mr. Bob Washington recommended it and we had lost money on the venture. We were allowing the MCSE students to take the tests one time for free because the \$700 cost for the 7 tests had been built into their course fee. After the test center was dropped we paid the \$100 for each of the first time attempts at passing the 7 exams tests for each student in the program. The students had to go to a test center in Hot Springs, Benton, or Little Rock after the OTC center was dropped.

The Plaintiffs were unable to learn enough in the course to pass more than a few of the required tests. Now, they allege breach of contract because it (the College) prematurely terminated the class, employed instructors that were not certified, misrepresented the course, and refused to educate and train the Plaintiffs as agreed. They want to be paid for damages because they experienced loss of income, loss of possible employment, loss of educational opportunity and monetary losses for expenses incurred, court costs and attorney fees.

I forwarded the complaints to the Attorney General's Office and requested legal representation. Mr. Arnold Jochums, Assistant Attorney General has been appointed as our defense attorney and he has filed an answer to each of the two complaints. In his answers, Mr. Jochums has denied all allegations. The Plaintiffs have now filed interrogatories that we must answer (they requested mostly documents) and we will do the same as exchange evidence and name witnesses and we collect.

None of this is fun because it just takes huge chunks of time to meet with involved parties, write memos describing events and providing explanations, and digging in files to find documents that also have to be described, explained, and copied multiple times.

Mr. Jochums believes that we have a good defense and that the Claims Commission will not make an award. He believes that because he believes the College can create an environment for learning, make available resources to assist in learning, and even deliver instruction and impart learning, but that it can not guarantee student learning, make students prepare for the tests, or even make students come to class, which these two did not do consistently.

I have some concerns about our vulnerability because Mr. George Greipp was neither a qualified nor a certified teacher and no attendance records were maintained. About midway through the course a part-time instructor, Ms. Susan Bailey, who was a better and more serious teacher, replaced Mr. Greipp but who was also not a MCSE certified instructor. Ms. Bailey, who has since become fully certified and employed by us as a full-time instructor, has indicated that the students missed a lot of classes, though that is undocumented, and did not prepare for exams in any consistent and diligent manner.

I have told Mr. Jochums that we are open to settling this thing primarily by allowing the students to return to school at no expense to them and to earn college credit for their work. The MCSE courses are now offered for credit and they are a part of our Associate in Applied Science Degree in Computer Information Systems program. We might also offer a few hundred dollars each for the expensive exams they have yet to take. And, we might offer to pay some of their attorney fees. The whole thing should cost less than \$1,000 to \$1,500.

Mr. Washington became the supervisor in early 2001 and He and Mrs. Bailey decided to allow the students to repeat the course work at no charge during the following term but neither of the Plaintiffs made much of an attempt to come to class consistently and to seriously study and prepare for the exams.

Cases filed with the Claims Commission are very similar to regular lawsuits and cases handled by state courts except that the cases are processed, heard, and decided on much faster. For example, this case will be heard and settled by the Commission the middle of February 2003 if we don't settle it ourselves beforehand.

7. We recently experienced another disheartening challenge. It seems that when it rains, it pours. Since late last year, we have had intermittent problems with the large computer network server that powers our student accounting system. This system, which was purchased in 1999, maintains and process all of our student data and does many things for us including student registration, grade

maintenance and reporting, student transcripts, student financial records of tuition and fee payments, prepares records for graduation audits, provides data and reports for student advisors, and produces dozens of state and federal reports among other things. The server died this week and neither the hardware nor the software experts can get it working. The hardware was made and sold to us by one company that was bought by another company and then merged with a third company.

A new computer system has been ordered and will be ready to function in about two weeks. The good news in all this is that all the software, with a replacement cost of about \$300,000, and all the student data had been backed up and has not been lost. It will be fairly easy to reinstall on the new hardware when it arrives. The new hardware will cost us somewhere between \$20,000 and \$25,000. We will have a three-year warranty on the hardware and we can purchase an extended warranty near the end of the first three-year period.

8. In closing (I always try to save some good news for last), we have had a great start to our new Spring 2003 Semester. Our enrollment is very good, although, we have not officially completed registration on all our students because of the computer problems sited above. All of our faculty and staff came back from the much-needed holidays rested and eager to get after it. Most, though not all, are pretty healthy. Ms. Betty Lawless and Dr. Susan Azbell have both had very bad viral respiratory infections and had to miss work.

We will not have a final student enrollment count until after our student accounting and data system comes back to life in about ten days from now. However, we had enrolled 1,028 by the end of last week before the system died and Ms. Linda Johnson believes we have about another 175 students in concurrent enrollment courses yet to be added. It is estimated that we will end up with right at 1,200 students for the term. That is a significant increase over the same term last year. We are very pleased with that probable enrollment considering that we closed 30 small classes just before the start of the semester and probably lost several dozen students who could not get the schedule they needed to accommodate work, family, and transportation situations. Everyone is pleased with the way we have been able to get the new term underway.

I look forward to seeing you at the Board meeting next Tuesday evening at 5:00 p.m.