

MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS
AGENDA

Friday, February 18, 2011
Mountwest Cooking & Culinary Institute
917 Third Avenue
Huntington, WV

- I. Call to Order and Determination of Quorum
- II. Approval of Minutes – January 14, 2011 *
- III. President’s Report – Dr. Cotroneo
- IV. Proposed Rule relating to College Textbooks *
- V. Quarterly Financial/Budget Report for Quarter Ending December 31, 2010 *
- VI. Approval of IBOG Policy Governance Rules *
 - The Governance Process
 - Policy No. 1: Governing Style
 - Policy No. 2: Board Job Contributions
 - Policy No. 3: Chairperson’s Role
 - Policy No. 4: Board Members Code of Conduct
 - Policy No. 5: Committee Principles
 - Executive Limitations
 - Policy No. 1: General Executive Constraint
 - Policy No. 2: Staff Treatment
 - Policy No. 3: Compensation and Benefits
 - Policy No. 4: Financial Planning
 - Policy No. 5: Financial Condition
 - Policy No. 6: Asset Protection
 - Policy No. 7: Executive Limitations
 - Board/Administrative Relationships
 - Policy No. 1: Delegation to the Administration
 - Policy No. 2: Administration Job Contribution
 - Policy No. 3: Monitoring Administration Performance
- VII. Policy Governance Ends Statements--Next Steps – Dr. Cotroneo
- VIII. Marketing Campaign Review and Update – Bulldog Creative Services

IX. Update on Mountwest's Campus Project

X. Future Board Agenda Items

XI. Announcements:

- Next regularly scheduled meeting of the IBOG – March 18, 2011 @ the Mountwest Cooking & Culinary Institute, Breakfast at 7:30 a.m. with meeting to begin at 8:00 a.m.
- Other

XII. Executive Session Under the Authority of WV Code §6-9A-4 Relating to a Personnel Issue:
President's Contract

XIII. Adjournment

* Action Items

**MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS**

MINUTES

**Friday, January 14, 2011
12:30 p.m.
The Ramada Inn
3094 16th Street Road, I-64
Huntington, WV**

PRESENT: Bob Bailey, Mark Bugher, Ruth Cline, Donna Donathan, Jim Hale, Mike Herron, Jason Moses, Susan Richardson, Monica Shafer, and Cheryl Thompson.

ABSENT: Mark George and Jeffrey Porter.

ALSO ATTENDING: President Keith J. Cotroneo, Billie Brooks, Rick Brown, Steven Brown, Mary Beth Dickerson, Beth Hendricks, Herb Karlet, Stephanie A. Neal, and Carol Perry.

AGENDA ITEMS:

I. Call to Order and Determination of Quorum:

Ms. Richardson called the meeting to order at 12:30 p.m. A quorum was established.

II. Approval of Minutes – December 17, 2010:

A motion was made by Monica Shafer and seconded by Jason Moses to accept the December 17, 2010 minutes as presented. The motion was approved.

III. Update on Mountwest's Campus Project:

President Cotroneo reported that Neighborgall Construction expects the DirectTV project to be completed in July 2011. If this does occur, bids for the renovations to the new Mountwest Campus could be released in April or May with construction to begin in August 2011. Ms. Richardson reported that the MCTC Foundation is open to the concept of borrowing funds to complete the entire renovations with the college re-paying the Foundation with funds that will be forthcoming from Marshall University from the sale of the property on Fifth Avenue and 20th Street formerly owned by the College. It was the consensus of the Board that President Cotroneo move forward in further exploring this possibility with the Foundation.

IV. Proposed Revisions to IBOG Policy A-8 relating to Transfer Credit:

Following discussion of the proposed change to existing IBOG Policy A-8 related to Transfer Credit, a motion was made by Monica Shafer and seconded by Jim Hale that public notice be given that a proposed revision to IBOG Policy A-8 relating to Transfer Credit is available for a 30-

day comment period and that if no substantive comments are received, the MCTC IBOG extends its final approval of the rule. The motion was approved.

V. Future Board Agenda Items:

- Update on Mountwest's Campus Project
- Marketing Campaign Review and Update
- Policy Governance Update
- Update from Bob McClain on the Tech Prep Program

VI. Announcements:

- Next regularly scheduled meeting of the IBOG – February 18, 2011 @ the Mountwest Cooking & Culinary Institute, Breakfast at 7:30 a.m. with meeting to begin at 8:00 a.m.
- Renovations to the Center for Culinary Arts (formerly known as the Mountain Bounty Kitchen) are nearly complete. The facility will soon become a full instructional site for the culinary program. The IBOG may want to consider having a future Board meeting at this location.
- February 14, 2011 has tentatively been set as the date that First Lady Joanne Jaeger Tomblin will visit Mountwest Community & Technical College where it is expected she will present the college with the College Completion Challenge, a call to action developed by the American Association of Community Colleges (AACC) and the Association of Community College Trustees that aims to increase student completion rates nationwide.

VII. Adjournment:

There being no other agenda items, the meeting was adjourned at 1:07 p.m.

Susan K. Richardson Chairman

Ruth Cline Secretary

**MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS
Meeting of February 18, 2011**

ITEM: Approval to give public notice of a 30-day comment period of the intent to approve of a rule related to College Textbooks.

RECOMMENDED RESOLUTION: *Resolved*, public notice will be given that a proposed rule relating to College Textbooks is available for a 30-day comment period and that if no substantive comments are received, the MCTC IBOG extends its final approval of the rule.

STAFF MEMBER: Keith J. Cotroneo, Ed.D.
President

BACKGROUND:

WV Code §18B-10-14 addresses the operation of bookstores and the actions of employees of higher education institutions in the selection and adoption of textbooks and course materials. Additionally, Congress on August 14, 2008, passed the Higher Education Opportunity Act (HEOA) which requires institutions to promulgate rules that will effectuate the mandates of the act regarding textbooks and supplementary course materials. The proposed rule will bring the college into compliance with both state code and HEOA while addressing the recommendations of a Statewide Task Force on Textbook Affordability that have been jointly adopted by the Higher Education Policy Commission and the Council for Community and Technical College Education.

**MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS**

POLICY No.

COLLEGE TEXTBOOKS

1 General Information.

- 1.1 Scope: Academic policy regarding the adoption and purchase of course textbooks so as to minimize the cost of textbooks for Mountwest Community and Technical
- 1.2 Authority: W. Va. Code §18B-1-4; §18B-10-14
- 1.3 Passage Date:
- 1.4 Effective Date:
- 1.5 History:

2 West Virginia Code Mandates.

- 2.1 An employee of the Mountwest Community and Technical College Board of Governors (the Board’):
 - 2.1.1 May not:
 - 2.1.1.1 Receive a payment, loan, subscription, advance, deposit of money, service, benefit or thing of value, present or promised, as an inducement for requiring students to purchase a specific textbook for coursework or instruction; or
 - 2.1.1.2 Require for any course a textbook that includes his or her own writing or work if the textbook incorporates either detachable worksheets or workbook-style pages intended to be written on or removed from the textbook. This provision does not prohibit an employee from requiring as a supplement to a textbook any workbook or similar material which is published independently from the textbook; and
 - 2.1.2 May receive:
 - 2.1.2.1 Sample copies, instructor's copies and instructional material which are not to be sold; and
 - 2.1.2.2 Royalties or other compensation from sales of textbooks that include the employee's own writing or work.
- 2.2 The College shall:
 - 2.2.1 Make available to students a listing of textbooks required or assigned for any course offered at the College immediately after the selection process is completed and the textbook and course materials are designated for order by the bookstore. The listing shall be prominently posted:
 - 2.2.1.1 In a central location on campus communicated to the student body;
 - 2.2.1.2 In every campus bookstore; and

- 2.2.1.3 On the institution's website.
- 2.2.2 The list shall include for each textbook the International Standard Book Number (ISBN), the edition number and any other relevant information.
- 2.2.3 Add a book to the listing when the adoption process is complete and the textbook is designated for order by the bookstore.
- 2.3 The contracted Mountwest Community and Technical College Bookstore (the "Bookstore") shall:
 - 2.3.1 Provide publisher price information, on request to departments during the textbook/material selection process.
 - 2.3.2 Make every effort to provide used textbooks by:
 - 2.3.2.1 Purchasing up to 90% of the number of textbooks expected to be required for the subsequent semester, based on the historical usage list.
 - 2.3.2.2 Purchasing all used textbooks from students at 50% of purchase price (not to exceed historical usage), if on usage list for subsequent semester; wholesale buyer's guide price shall be paid if text will not be in use.
 - 2.3.2.3 Purchasing used textbooks from national book suppliers prior to ordering new textbooks.
 - 2.3.2.4 Purchasing paperback books; initial adoption of textbooks will give preference to paperback books if available.
 - 2.3.2.5 Set margins on new books at reasonable market level, based on the College's existing bookstore contract.
- 2.4 Each academic year, the Executive Dean shall
 - 2.4.1 Determine, for each semester, deadline dates for which faculty are to be assigned to course sections and textbooks and course materials are to be selected.
 - 2.4.1.1 For those deadlines not met, the Executive Dean shall have a mechanism in place reasonably calculated to ensure that used textbooks, if available, can be located and purchased by the time of enrollment each semester, to the maximum extent practicable.
 - 2.4.1.2 This mechanism should include, but is not limited to; such measures as default selection of certain textbooks, continuing to use the previous textbook, or having a chair or dean select the textbook. Any such textbook default selection must be strictly enforced and faculties are not allowed to change the selection.
 - 2.4.2 Enforce book "adoption" dates for each semester, as prepared by the Bookstore, with a goal of having 80% of all class sections utilizing textbooks having such textbooks selected by faculty (or by the mechanism described in 2.4.1.2) and submitted to the Bookstore by the stated adoption date
 - 2.4.3 With the recommendation of the Textbook Affordability Committee described in section 4, develop a selection procedure that will ensure, to the maximum percent practicable, certain basic textbooks will be utilized for a reasonable number of consecutive years without new

editions begin adopted, or selection of basic textbooks where earlier editions are easily and appropriately utilized in the courses. The selection procedure shall be in place by April 15, 2011.

- 2.4.4 By November 1 of each year, report to the Chancellor of the Commission, for the prior fiscal year, the deadlines established for faculty to be assigned to courses; the deadlines for textbooks and course materials to be selected; the percentages of those deadlines met; and the dates the listing of assigned textbooks and course materials were posted pursuant to the requirements of Section 2.2.1 of this policy.

3 Federal Mandates.

- 3.1 Textbook publishers soliciting any employee of the Board to select textbooks or supplemental course material shall provide that employee, in writing:
 - 3.1.1 The price of the textbook and supplemental course materials;
 - 3.1.2 The copyright dates of the three previous editions, if any;
 - 3.1.3 A description of substantial content revisions from the previous editions;
 - 3.1.4 Whether the textbook is available in other lower cost format and, if so, the price to the institution and the general public;
 - 3.1.5 The price of the textbooks unbundled from the supplemental material; and
 - 3.1.6 The same information, to the extent practicable, for custom textbooks.
- 3.2 No employee of the Board shall select or assign textbook or supplemental course materials if the publisher has not supplied the information, in writing, required by Section 3.1 of this policy.
- 3.3 The College shall provide on its electronic course schedule, prior to course enrollment each semester for all required or recommended textbooks and supplemental material:
 - 3.3.1 The ISBN number and retail price, or if the ISBN number is not available then the author, title, publisher and copyright date.
 - 3.3.2 If such disclosure is not practicable, then the designation "To Be Determined."
 - 3.3.3 A reference shall be made on any written course schedule to the information available on the electronic course schedule accessible through the institutional website and the internet address for the electronic course schedule.
- 3.4 The College will include on its website or through a link to its bookstore's website and electronic course schedule any of its policies or provisions for:
 - 3.4.1 Rental of textbooks;
 - 3.4.2 The purchase of used textbooks;
 - 3.4.3 The textbook repurchase or buy backs; and
 - 3.4.4 Alternative content delivery programs.
- 3.5 The College will amend this and/or other policies to comply with any future federal mandates.

4 Textbook Affordability Committee

- 4.1 The College shall establish a permanent Textbook Affordability Committee consisting of faculty, students, administrators and bookstore representatives which shall meet periodically, but at least annually, to advise the faculty council, student government, administration, and institutional board of governors on affordability issues and initiatives, textbook selection guidelines and strategies, and educational opportunities.
- 4.2 The Board shall annually meet with the Textbook Affordability Committee to receive any recommendations or reports it may have generated and copies of any such recommendations and reports shall be transmitted to the Chancellor of the Commission.

5 Guidelines.

- 5.1 Faculty will select appropriate, high quality course materials for class sections in a manner that gives students timely access to the most affordable materials.
- 5.2 At the earliest practicable Board meeting after April 15, 2011, the Textbook Affordability Committee shall recommend to the Board for adoption a set of practices and procedures to effectuate the overarching theme in Section 5.1. These practices and procedures shall be considered guidelines for the College and faculty in the “timely” selection of “high quality” and “affordable” textbooks and supplementary course materials. The committee is encouraged to consider:
 - 5.2.1 Requiring faculty to consider more than one textbook publisher and compare prices for textbooks and course materials;
 - 5.2.2 Requiring that all new textbook selections submitted to the appropriate dean for approval be accompanied by a simple form for the faculty member to state whether or not the written information required from the publisher pursuant to Section 3.1.1 of this rule, if requested, was provided;
 - 5.2.3 Discouraging selection of textbooks in which less than 50 percent of the content will be used in the course unless the same textbook will be utilized by the student in other courses;
 - 5.2.4 Encouraging selection of textbooks that have low cost alternative editions available;
 - 5.2.5 Encouraging selection of textbooks it is believed will not be revised by the publisher in the near future;
 - 5.2.6 Utilizing consortiums which make available open source textbooks or course materials to faculty and students free or at low cost;
 - 5.2.7 Directing an examination of the feasibility of operating a textbook rental program;
 - 5.2.8 Providing that the institution shall conduct training for all faculty, at the time of hire and periodically thereafter, on textbook selection and strategies that guarantee high quality course materials at the most affordable cost;
 - 5.2.9 Providing that at least one administrator at the institution shall be designated as a liaison with textbook publishers, to be responsible for dissemination of relevant information to the faculty

on textbook strategies and education and training opportunities regarding textbook selection, and to enforce the policies the governing board adopts.

- 5.2.10 Providing that the institution, to the maximum extent practicable, consider placing a copy of required textbooks on reserve in the institutional resource center;
- 5.2.11 Addressing the issue of providing financial aid to students prior to the start of classes that will allow them to purchase course materials;
- 5.2.12 Addressing the institution's commitment to utilizing various 21st Century technology innovations for the provision of textbooks and course materials, such as electronic textbooks, online textbooks, print-on-demand services, open source materials, and institution produced textbooks; and
- 5.2.13 Requiring faculty to calculate and consider the total textbook/materials cost for a student to enroll and be successful in a class whenever textbook selections are submitted.
- 5.2.14 Periodically updating this policy and procedures to address emerging technologies or new strategies which address textbook affordability.
- 5.3 Until such time as the committee has recommended and the Board has formally adopted Guidelines, the practices described in items 5.2.1 through 5.2.14 shall be considered the Board's guidelines. Faculty are encouraged to utilize each of these when selecting textbooks and course materials.

6 Revenues.

- 6.1 All revenue the College receives from any private entity for bookstore operations is to be utilized for non-athletic scholarships.

Mountwest Community & Technical College

**Institutional Board of Governors
Meeting of February 18, 2011**

ITEM: Quarter ending December 31, 2010
Financial/Budget Report

RECOMMENDED RESOLUTION: *Resolved*, that the Board of Governors receives the Financial/Budget Report for the quarter ending December 31, 2010.

BOARD/STAFF MEMBER: Herbert J. Karlet
Vice President, CFO

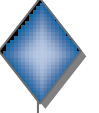
BACKGROUND

The quarterly financial/budget report for the period ending December 31, 2010 is attached.



Mountwest

Community & Technical College



BOARD OF GOVERNORS
QUARTERLY FINANCIAL
BUDGET REPORT

For the Quarter Ending

December 31, 2010

MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
QUARTERLY FINANCIAL – BUDGET REPORT

I.	Executive Summary	Page 1
II.	Certification of the Chief Financial Officer	Page 1
III.	Quarterly Financial Reports	Pages 2 - 4
	Statement of Net Assets ^{Page 2}	
	Statement of Actual to Budget Comparison ^{Page 3}	
	Statement of Actual to Actual Comparison as of December 31, 2010 and 2009 ^{Page 4}	

QUARTERLY EXECUTIVE SUMMARY

The College began the fiscal year in a strong financial position as evidenced by the FY 2009-2010 audited financial statements. It is anticipated that student fee revenue and state appropriations will be stable and in accordance with the institution's budget.

The current budget challenges will be to continue building the academic and student support services needed for an open admission/open access community college and to fund the possible double costs associated with renovating a new campus while still absorbing the costs of the current campus. This cost pressure will occur in fiscal year 2011-2012.

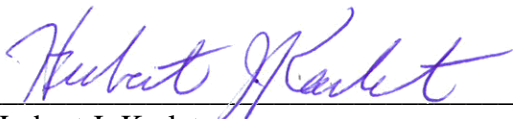
The headcount enrollment for Fall, 2010 was 3,126 compared to Fall, 2009 of 3,118. The Full-Time Equivalent (FTE) enrollment for Fall, 2010 was 1,980 compared to Fall, 2009 of 1,950 FTE.

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

To the best of my knowledge, the attached financial/budget statements present fairly the financial position and results of operations of Mountwest Community and Technical College for the periods stated.

These statements have been prepared utilizing the modified cash basis of accounting. This presentation differs from the full accrual basis, as presented in the Institution's annual audit reports, in that all timing accruals and cutoffs have not been included. Reasonable efforts have been made to include all amounts necessary for fair presentation and we are not aware of any material modifications that should be made to these statements in order for them to be in conformity with the modified cash basis of accounting. *Please remember that timing differences and inadequate time to assure proper "cutoffs" for interim statements can influence the accuracy of the numbers.*

These reports are intended solely for the information and use of the Board of Governors and the management of Mountwest Community and Technical College.



Herbert J. Karlet
Vice President, CFO

MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE

STATEMENTS OF NET ASSETS

December 31, 2010, 2009 and June 30, 2010

	As of December 31		June 30 2010
	FY 2010	FY 2009	FY2010
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,644,695	\$ -	\$ 7,275,992
Accounts receivable - net	431,099	-	454,888
Due from Marshall University-current portion	262,500	-	437,500
Due from the council/commission	1,958	-	123,710
Other current assets	-	-	-
Total current assets	\$ 8,340,252	\$ -	\$ 8,292,090
NONCURRENT ASSETS:			
Due from Marshall University-noncurrent	\$ 2,492,834	-	\$ 2,492,834
Net Investment in Capital Lease	435,425	-	-
Capital assets - net	10,217,404	-	10,292,768
Total noncurrent assets	\$ 13,145,663	\$ -	\$ 12,785,602
TOTAL ASSETS	\$ 21,485,915	\$ -	\$ 21,077,692
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 42,492	-	\$ 268,290
Due to State Agencies	33,594	-	56,485
Due to Commission	-	-	7,727
Accrued Liabilities	302,870	-	458,611
Compensated Absences	339,793	-	339,793
Debt obligation to Commission - current portion	166,811	-	333,622
Deferred Revenue	1,341,038	-	1,193,102
Capital Lease Obligation-Current	40,201	-	-
Total current liabilities	\$ 2,266,799	\$ -	\$ 2,657,630
NONCURRENT LIABILITIES:			
Other Post Employment Benefits (OPEB)	\$ 1,131,531	-	\$ 791,701
Capital Lease Obligations-Non-Current	360,411	-	-
Debt obligation to Commission	1,726,839	-	1,726,839
Total noncurrent liabilities	\$ 3,218,781	\$ -	\$ 2,518,540
Total liabilities	\$ 5,485,580	\$ -	\$ 5,176,170
NET ASSETS:			
Invested in capital assets - net of related debt	\$ 8,357,683	-	\$ 8,232,307
Restricted for expendable scholarships	74,294	-	4,112
Unrestricted-Reserved for Project-MU Payments	525,000	-	-
Unrestricted-Reserved for Project-Rental Income	437,500	-	-
Unrestricted	6,605,858	-	7,665,103
Total net assets	\$ 16,000,335	\$ -	\$ 15,901,522
TOTAL LIABILITIES AND NET ASSETS	\$ 21,485,915	\$ -	\$ 21,077,692

Mountwest Community and Technical College
Actual to Budget Comparison (Thousands)
For quarter ending December 31, 2010 and Year to Date

	Actual Quarter Ending 12/31/10	Actual Year-to-Date	FY 2011 Budget	Actual to Budget Variance	YTD % to Budget
OPERATING REVENUES					
Student tuition and fees <i>(Net of Scholarship Allowance)</i>	\$ 242	\$ 1,896	\$ 4,300	\$ (2,404)	44.1%
Government contracts and grants					
Federal	69	132	200	(68)	66.0%
State	227	946	1,900	(954)	49.8%
Private and Local	8	64	250	(186)	25.6%
Sales and services of educational activities	26	34	60	(26)	56.4%
Other operating sources	264	689	1,250	(561)	55.1%
NONOPERATING REVENUES					
State appropriations	1,366	2,732	5,464	(2,732)	50.0%
Federal Stimulus Funds	-	-	448	(448)	0.0%
Federal Pell Grants	199	2,845	5,000	(2,155)	56.9%
Investment Income	4	8	40	(32)	18.9%
Other nonoperating sources	-	2	38	(36)	0.0%
Total Revenues	<u>\$ 2,405</u>	<u>\$ 9,348</u>	<u>\$ 18,950</u>	<u>\$ (9,602)</u>	<u>49.3%</u>
OPERATING EXPENSES					
Instruction	\$ 2,125	\$ 3,319	\$ 7,540	\$ 4,221	44.0%
Public Service	29	73	226	153	32.4%
Academic Support	153	242	620	378	39.0%
Student Services	456	971	2,220	1,249	43.7%
General institutional support	650	1,274	2,050	776	62.2%
Operation and maintenance of plant	324	647	1,450	803	44.6%
Student Financial Aid	748	2,470	4,400	1,930	56.1%
Depreciation	77	150	402	252	37.4%
Other	(23)	35	270	235	13.0%
Total Operating Expenses	<u>\$ 4,539</u>	<u>\$ 9,181</u>	<u>\$ 19,178</u>	<u>\$ 9,997</u>	<u>47.9%</u>
Interest on Indebtedness	\$ 11	\$ 62	\$ 100	\$ 38	61.7%
Reserve for Capital Project	187	375	500	125	75.0%
Total Expenses	<u>\$ 4,737</u>	<u>\$ 9,618</u>	<u>\$ 19,778</u>	<u>\$ 10,160</u>	<u>48.6%</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (2,332)</u>	<u>\$ (270)</u>	<u>\$ (828)</u>	<u>\$ 558</u>	
Add Estimated Capital Bond Proceeds			<u>\$ 3,000</u>		
Budgeted Increase (Decrease)			<u>\$ 2,172</u>		
Note: OPEB budgeted expense			<u>\$ 712</u>		

Mountwest community and Technical College
Actual Year to Date (YTD) Comparison
For six months ending December 31, 2010 and 2009
In Thousands

	Actual YTD Ending 12/31/2010	Actual YTD Ending 12/31/09	YTD Variance	%
OPERATING REVENUES				
Student tuition and fees (<i>Net</i>)	\$ 1,896	\$ -	\$ 1,896	N-A
Government contracts and grants				
Federal	132	-	132	N-A
State	946	-	946	N-A
Private and Local	64	-	64	N-A
Sales and services of educational activities	34	-	34	N-A
Other operating sources	689	-	689	N-A
NONOPERATING REVENUES				
State appropriations	2,732	-	2,732	N-A
Federal Stimulus Funds	-	-	-	N-A
Federal Pell Grants	2,845	-	2,845	N-A
Investment Income	8	-	8	N-A
Other nonoperating sources	2	-	2	N-A
Total Revenues	<u>\$ 9,348</u>	<u>\$ -</u>	<u>\$ 9,348</u>	<u>N-A</u>
OPERATING EXPENSES				
Instruction	\$ 3,319	\$ -	\$ 3,319	N-A
Public Service	73	-	73	N-A
Academic Support	242	-	242	N-A
Student Services	971	-	971	N-A
General institutional support	1,274	-	1,274	N-A
Operation and maintenance of plant	647	-	647	N-A
Student Financial Aid	2,470	-	2,470	N-A
Depreciation	150	-	150	N-A
Other	35	-	35	N-A
Total Operating Expenses	<u>\$ 9,181</u>	<u>\$ -</u>	<u>\$ 9,181</u>	<u>N-A</u>
Interest on Indebtedness	\$ 62	\$ -	\$ 62	N-A
Fees Assessed by the Commission for Debt Service	375	-	375	N-A
Total Expenses	<u>\$ 9,618</u>	<u>\$ -</u>	<u>\$ 9,618</u>	<u>N-A</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (270)</u>	<u>\$ -</u>	<u>\$ (270)</u>	

**MOUNTWEST COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS
Meeting of February 18, 2011**

ITEM: Approval to give public notice of a 30-day comment period of the intent to approve rules related to IBOG Policy Governance.

RECOMMENDED RESOLUTION: *Resolved*, public notice will be given that the proposed rules listed below relating to IBOG Policy Governance is available for a 30-day comment period and that if no substantive comments are received, the MCTC IBOG extends its final approval of the rules.

STAFF MEMBER: Sue Richardson
Chair

BACKGROUND:

As the next step in the Policy Governance process Steven Crandall, with Crandall Partners and Associates, provided the Institutional Board of Governors with two days of training in January 2011. As a result of the training, rules are being proposed for approval as follows:

- The Governance Process
 - Policy No. 1: Governing Style
 - Policy No. 2: Board Job Contributions
 - Policy No. 3: Chairperson's Role
 - Policy No. 4: Board Members Code of Conduct
 - Policy No. 5: Committee Principles
- Executive Limitations
 - Policy No. 1: General Executive Constraint
 - Policy No. 2: Staff Treatment
 - Policy No. 3: Compensation and Benefits
 - Policy No. 4: Financial Planning
 - Policy No. 5: Financial Condition
 - Policy No. 6: Asset Protection
 - Policy No. 7: Executive Limitations
- Board/Administrative Relationships
 - Policy No. 1: Delegation to the Administration
 - Policy No. 2: Administration Job Contribution
 - Policy No. 3: Monitoring Administration Performance

POLICY #1: EXECUTIVE LIMITATIONS

GENERAL EXECUTIVE CONSTRAINT

The Administration shall not cause or allow any practice, activity, decision or organizational circumstance which is either imprudent or in violation of commonly accepted business and professional ethics and/or statutory obligations.

1. Dealings with staff and volunteers shall not be inhumane, unfair or disrespectful.
2. Budgeting any fiscal period or the remaining part of any fiscal period shall not deviate materially from board *ENDS*, risk fiscal jeopardy nor fail to show a generally acceptable level of foresight.
3. Actual financial conditions at any time shall not incur fiscal jeopardy or compromise board *ENDS*.
4. Information and advice to the board will have no significant gaps in either timeliness, completeness, or accuracy.
5. Assets may not be unprotected, inadequately maintained or unnecessarily risked.
6. Compensation and benefits shall not deviate materially from market.
7. There shall be no conflict of interest in awarding purchases or other contracts.
8. Shall not compromise the reputation or integrity of the college in the greater community
9. Will be in compliance with all state and other governmental requirements and parameters

POLICY #2: EXECUTIVE LIMITATIONS

STAFF TREATMENT

With respect to treatment of paid and volunteer staff, the Administration may not cause or allow conditions which are inhumane, unfair, or disrespectful.

Accordingly, it may not:

1. Discriminate among employees on other than clearly job-related, individual performance or qualifications.
2. Subject staff to unsafe or unhealthy conditions.
3. Withhold from staff a due-process grievance procedure, able to be used without bias.

POLICY #3: EXECUTIVE LIMITATIONS

COMPENSATION AND BENEFITS

With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the Administration may not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, it may not:

1. Change its own compensation and benefits as established by the board.
2. Promise or imply permanent or guaranteed employment.
3. Establish current compensation and benefits which:
 - A. Deviate materially from the geographic or professional market for the skills employed.
 - B. Create obligations over a longer term than revenues can be safely projected, and in all events subject to losses of revenue.
 - C. Treat staff members differentially in a manner that disrupts the stability and the morale of the Administration responsible for it.
4. Establish deferred or long term compensation and benefits which:
 - A. Cause unfunded liabilities to occur or in any way commit the organization to benefits which incur unpredictable future costs.
 - B. Provide less than a parity of some basic level of benefits to all full time employees, though differential benefits to encourage longevity in key employees are not prohibited.
 - C. Allow any employee to lose benefits already accrued from any foregoing plan.
 - D. Are instituted without prior monitoring of these above stated provisions.

POLICY #4: EXECUTIVE LIMITATIONS

FINANCIAL PLANNING

With respect to planning fiscal events (budgeting for all or any remaining part of a fiscal period), the Administration may not jeopardize either programmatic or fiscal integrity of the college.

Accordingly, it may not cause or allow budgeting which:

1. Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, cash flow and subsequent trails, and disclosure of planning assumptions.
2. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period **without specific Board approval of the fiscal year budget.**
3. Reduces the current assets at any time to less than **1.5 times** current liabilities or allows cash to drop below a safety reserve of less than **60 days of operating expenditures.**
4. Deviates materially from board-stated priorities (see *ENDS* policies) in its allocation between competing budgetary needs.

POLICY #5: EXECUTIVE LIMITATIONS

FINANCIAL CONDITION

With respect to the actual, ongoing condition of the college's financial health, the Administration may not cause or allow the development of fiscal jeopardy or loss of allocation integrity.

Accordingly, it may not:

1. Expend more funds than have been designated for the fiscal year **unless approved by the Board.**
2. Allow cash to drop below the amount needed to settle payroll and debts in a timely manner.
3. Use any Long Term Reserves **unless approved by the Board.**
4. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered, revenues within **60** days
5. Allow actual allocations to deviate materially from board priorities in *ENDS* policies.

POLICY #6: EXECUTIVE LIMITATIONS

ASSET PROTECTION

With respect to proper stewardship of the college's assets, the Administration may not risk losses beyond those necessary in the normal course of business.

Accordingly, it may not:

1. Fail to insure against theft, casualty losses to at least 100 percent replacement value and against liability losses to board members, staff, or the organization itself to beyond the minimally acceptable prudent level.
2. Allow unbonded personnel access to material amounts of funds.
3. Subject plant and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the organization, its board or staff to claims of liability.
5. Make any purchases for the College that do not comply with the Board's Purchasing Policy (F-6).
6. Make any single item purchase greater than \$100,000 without approval of the Board.
7. Receive, process or disburse funds under controls insufficient to meet the board appointed auditor's standards.

POLICY #7: EXECUTIVE LIMITATIONS

COMMUNICATION AND COUNSEL TO THE BOARD

With respect to providing information and counsel to the board, the Administration may not cause or allow the board to be uninformed or misinformed.

Accordingly it may not:

1. Let the board be unaware of relevant trends, public events of the organization, material external and internal activities or issues, particularly changes in the assumptions upon which any board policy has previously been established.
2. Fail to submit the monitoring data required by the board policy "Monitoring Executive Performance" in a timely, accurate and understandable fashion, directly addressing provisions of the board policies.
3. Fail to gather as many staff and external points of view, issues, and options as needed for fully informed board choices.
4. Present information in unnecessarily complex or lengthy form.

POLICY #1: GOVERNANCE PROCESS

GOVERNING STYLE

The board will approach its task with a style which emphasizes strategic leadership more than administrative detail, clear distinction of board and staff roles, future rather than past or present, and proactivity rather than reactivity.

In this spirit, the board will:

1. Focus chiefly on intended long term impacts (*ENDS*), not on the administrative or programmatic means of attaining those effects.
2. Direct, control and inspire the organization through the careful establishment of the broadest organizational values and perspectives (policies). Policies will address a) *ENDS*: what benefits for which needs at what cost, b) *Executive Limitations*: boundaries of prudence and ethics to be observed by staff, c) *Governance Process*: Board role and responsibilities and d) *Board-Administration/Relationship*: linkage between board and staff.
3. Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to attendance, policy making principles, respect of clarified roles, speaking with one voice and self-policing of any tendency to stray from governance adopted in board policies.
4. Be accountable to the college and the larger community for competent, conscientious and effective accomplishment of its obligations as a body. It will allow no officer, individual or committee of the board to usurp this role or hinder this discipline.
5. Monitor and regularly discuss the board's own process and performance. Ensure the continuity of board improvements through systematic treatment of its own institutional memory (i.e. accurate reporting and filing of minutes, policy review, and orientation of new board members).
6. Be an initiator of policy, not merely a reactor to staff initiatives. The board, not the staff, will be responsible for board performance.

POLICY #2: GOVERNANCE PROCESS

BOARD JOB CONTRIBUTIONS

The job of the board is to make certain contributions which lead the college toward the desired performance and assure that it occurs. The board's specific contributions are *unique* to its trusteeship role and *necessary* for proper governance and management.

Consequently, the "products" or job contributions of the board shall be:

1. The link between the college and its "ownership."
2. Written governing policies which, at the broadest levels, address:
 - A. *ENDS*: Organizational products, impacts, benefits, what good for which needs at what cost.
 - B. *Executive Limitations*: Constraints on executive authority which establish the prudence and ethics boundaries within which lies the acceptable arena of executive activity, decisions, and organizational circumstances.
 - C. *Governance Process*: Specification of how the board conceives, carries out and monitors its own task.
 - D. *Administration-Board Relationship*: How power is delegated and its proper use monitored.
3. The assurance of Administration performance (against policies 2A and 2B above).

POLICY #3: GOVERNANCE PROCESS

CHAIRPERSON'S ROLE

The job “product” of the Chairperson is the integrity of the board’s process. In order to maintain the “one voice” principle, the Chairperson, or board designee, is the only person authorized to speak for the board except for the Administration, other than in rare and specifically authorized instances.

1. The job output of the Chairperson is that the board behaves consistent with its own rules and those legitimately imposed upon it from outside the organization.
 - A. Meeting discussion content will only be those issues which, according to board policy, clearly belong to the board to decide, not the Administration.
 - B. Deliberation will be timely, fair, orderly and thorough, but also efficient, limited to time and kept to the point.
 - C. MCTC rules of order will be observed except where the board has superseded them.
 - D. In order to ensure that the distinction between ends and means is reinforced in Board decision making, prior to a vote on any motion, the Board shall make a judgment whether the motion is consistent with intent of Policy Governance philosophy.
2. The authority of the Chairperson consists in facilitating a quality board process consistent with board policies on *Governance Process* and on the *Board-Administration Relationship*.
 - A. The Chairperson is empowered to chair board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).
 - B. Chairperson authority does not extend to supervising, interpreting board policies to, or otherwise directing the Administration.

POLICY #4: GOVERNANCE PROCESS

BOARD MEMBERS CODE OF CONDUCT

The board expects of itself and its members ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as board members.

1. Board members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any board member acting as an individual consumer of the organization's services.

2. Board members must avoid any conflict of interest with respect to their fiduciary responsibility.
 - A. There must be no self-dealing or any conduct of private business or personal services between any trustee and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - B. Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization.
 - C. Should a trustee be considered for employment by the organization, s/he must temporarily withdraw from any board deliberation, voting and access to applicable board information.

3. Board members will maintain confidentiality of any material and or documents that are discussed in executive session.

4. Board members may not attempt to exercise individual authority over the college except as explicitly set forth in board policies.

- A. Board members' interaction with the Administration or with staff must recognize the lack of authority in any individual trustee or group of board members except as noted above.

- B. Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any member to speak for the board, except as designated.

- C. Board members will make no judgments of the Administration or staff performance except as that performance is assessed against explicit board policies by the official process.

POLICY #5 GOVERNANCE PROCESS

COMMITTEE PRINCIPLES

In accordance with the “one voice” principle, the board shall have no standing committees. However, from time to time, the board may establish committees to help carry out its responsibilities. Committees will be used sparingly, only when other methods have been deemed inadequate. Committees will be used so as to minimally interfere with the wholeness of the board’s job, and so as never to interfere with delegation from the board to the Administration.

1. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the Administration.
2. Board committees are to help the board do its job, *not to help the staff do its jobs*. Committees will assist the board chiefly by preparing policy alternatives and implications for board deliberation. Board committees are not to be created by the board to advise staff.
3. If a board committee is used to monitor organizational performance in a given area, the same committee will not have helped the board create policy in that area. This is to prevent committee over-identification with an organizational part rather than the whole.
4. Board committees cannot exercise authority over staff and, in keeping with the board’s focus on the future, board committees will not ordinarily have direct dealings with current staff operations. Further, the board will not impede its direct delegation to the Administration by requiring approval of a board committee before an executive action. The Administration works for the board, never for a board committee or officer.
5. This policy applies only to committees which are formed by board action, whether or not the committees include non-board members. It does not apply to committees formed under the authority of the Administration.

POLICY #1 BOARD-ADMINISTRATION RELATIONSHIP

DELEGATION TO THE ADMINISTRATION

The board job is generally confined to establishing topmost policies, leaving implementation and administrative policy and procedure development to the Administration. *ENDS* policies direct the Administration to achieve certain results; *Executive Limitations* policies constrain the Administration to act within acceptable boundaries of prudence and ethics. All board authority delegated to staff is delegated through the president, so that all authority and accountability of staff can be phrased - insofar as the board is concerned - as authority and accountability of the president.

1. The president is authorized to establish all administrative policies and procedures, make all decisions, take all actions and develop all activities which are true to the board's policies. The board may, by extending its policies, "undelegate" areas of the president's authority, but will respect the president's choices so long as the delegation continues. This does not prevent the board from obtaining information about activities in the delegated areas.
2. No individual board member, officer, or committee has authority over the president or others in the administration. Information may be requested, but if such request, in the president's judgment, requires a material amount of staff time, it may be refused.
3. The president may not perform, allow or cause to be performed any act which is contrary to explicit board constraints (see *Executive Limitations* policies) on executive authority.
4. Should the president deem it necessary to violate board policy, it shall inform the Chair, or officer of the board in the Chair's absence. Informing is simply to guarantee no violation may be intentionally kept from the board, not to request approval. Officer response, either approving or disapproving, does not exempt the president from subsequent board judgment of the action nor does it impede any executive decision.

POLICY #2 BOARD- ADMINISTRATION RELATIONSHIP

ADMINISTRATION JOB CONTRIBUTION

As the board's single official link to the operating organization, the Administration is accountable for all organizational performance and exercises all authority transmitted into the organization by the board. Administration performance will be considered to be synonymous with organizational performance as a total.

Consequently, the Administration's job contributions can be stated as performance in only two areas:

1. Organizational accomplishment of board policies on *ENDS*.
2. Organization operation within the boundaries of prudence and ethics established in board policies on *Executive Limitations*.

POLICY #3 BOARD-ADMINISTRATION RELATIONSHIP

MONITORING ADMINISTRATION PERFORMANCE

Monitoring Administration performance is synonymous with monitoring organizational performance against board policies on *ENDS* and on *Executive Limitations*. Monitoring will be as automatic as possible, using a minimum of board time so that meetings can be used to create the future rather than review the past.

1. The purpose of monitoring is simply to determine the degree to which board policies are being fulfilled. Information which does not do this will not be considered to be monitoring.
2. A given policy may be monitored in one or more of three ways:
 - A. INTERNAL REPORT: Disclosure of compliance information to the board from the Administration.
 - B. EXTERNAL REPORT: Discovery of compliance information by a disinterested, external auditor, inspector or judge who is selected by and reports directly to the board. Such reports must assess Administration performance only against policies of the board, not the external party unless the board has previously indicated that party's opinion to be the standard.
 - C. DIRECT BOARD INSPECTION: Discovery of compliance information by a board member, a committee or the board as a whole. This is a board inspection of documents, activities, or circumstances directed by the board which allows a "prudent person" test of policy compliance.
3. Upon the choice of the board, any policy can be monitored by any method at any time. However, each *ENDS* and *Executive Limitations* policy of the board will be classified by the board according to frequency and method of regular monitoring.

Sample Monitoring Schedule

A. Quarterly internal reports: Asset protection - financial condition - financial planning.

<u>Policy</u>	<u>Method</u>	<u>Frequency/Content</u>
A. Asset Protection Financial Condition Financial Planning	Internal Report	<ul style="list-style-type: none"> ▪ Quarterly Financial Reports ▪ Executive Summary ▪ Enrollment ▪ Certification of the CFO ▪ Statement of Net Assets – Comparison of Current Year to Prior Year ▪ Actual Expenditures to Budget Expenditures – Quarter to Year-to-Date ▪ Actual Expenditures compared to Prior Year – Quarter to Year-to-Date

B. Annual internal reports: Asset Protection – financial condition – financial planning, All ENDS, Communication and counsel, Staff treatment.

<u>Policy</u>	<u>Method</u>	<u>Frequency/Content</u>
A. Asset Protection Financial Condition Financial Planning	Internal Report	<ul style="list-style-type: none"> ▪ Annual Key Financial Indicators calculated from the audited financial report. <ul style="list-style-type: none"> – Cash Balances divided by operating expenses per day measures the number of days operations are in cash. – Working Capital Ratio (Current Assets divided by Current Liabilities measures the college's ability to pay current liabilities as they come due. – Unrestricted Net Assets divided by operating expenses per day measures the number of days operations are in unrestricted net assets. – Unrestricted Net Assets divided by debt obligation to HEPC measures the coverage of debt by the unrestricted net asset balance. – Actual annual debt service divided by total operating expenses measures the debt service burden on the annual operating budget. – Five Year Annual Trend Analysis: Assets, Liabilities, Net Assets, Revenue

- B. All ENDS Internal Report ▪ TBD
- C. Communication and Counsel Internal Report ▪ TBD
- D. Staff Treatment Internal Report ▪ Staff Survey

C. Annual external report: Asset protection - financial condition – financial planning.

<u>Policy</u>	<u>Method</u>	<u>Frequency/Content</u>
A. Asset Protection Financial Condition Financial Planning	External Report	<ul style="list-style-type: none"> ▪ Annual Audited Financial Statements ▪ Independent Auditor’s Report ▪ Management’s Discussion & Analysis ▪ Statements of Net Assets ▪ Statements of Revenues, Expenses, and Changes in Net Assets ▪ Statements of Cash Flows ▪ Notes to Financial Statements ▪ Independent Auditor’s Report on Internal Control

Sample Monitoring Schedule

Any other policy shall be monitored by internal report each calendar quarter.