

SYNOPSIS SEPTEMBER 22 2009, SPECIAL BOARD MEETING

The meeting was called to order 8:36 a.m. by Board President Elaine Schuster. All board members were present, and Ms. Schuster announced that a quorum was present.

The Board discussed employee negotiations with the Certified Bargaining Unit and, once ratified by the Unit, the agreement will be brought before the Board for consideration.

Dr. Branscum reviewed proposed changes to the organizational chart and salaries/wages and benefits for non-negotiating employees. Due to the state funding reductions, across the board raises are not being recommended this year. The recommendation will be brought before the Board at the October 6, 2009, meeting.

Dr. Branscum shared information with the Board regarding energy conservation and working with an energy management company to help reduce energy use, which will result in savings. Additional information will be presented at the October 6, 2009, meeting.

The Board discussed the results of the IRS audit. The IRS began auditing schools in 2004. Of importance to the auditor were two areas: whether an individual is an employee or an independent contractor and TRS offset monies provided by the legislature. The TRS offset monies began to be received in 1998 as a result of legislative action, though the funds were never actually received by MTC and, instead, were paid on behalf of certain employee classifications. MTC's then attorney determined that, based on information from OTRS, the funds were not subject to income tax. Since that time, MTC has been through nine external audits by three different auditing firms and one state audit by another auditing firm, as well as an internal audit. At one time or another all of these audits reviewed payroll. None of them ever challenged the ruling by our then attorney. The IRS auditor differed in the then attorney's opinion and also commented that the law was somewhat confusing and "difficult to interpret."

The other related to contracted vs. employee labor. The issue was brought about possibly because the state of Oklahoma recognizes limited liability companies (LLCs) but the IRS does not. The auditor said she recognizes these are controversial because the IRS has been auditing schools for only a short time.

The Board approved the auditor's report and the request for back taxes. Because of the difficulty in understanding the 1998 law, no penalties or interest will be assessed.

The meeting adjourned at 10:30 a.m.