

**DELTA COLLEGE
BOARD OF TRUSTEES
DINNER MEETING**

May 13, 2014

Delta College Ricker Center Campus Gymnasium

Board Present: K. Houston-Philpot, K. Lawrence-Webster, J. MacKenzie, M. Nash, M. Rowley, E. Selby, R. Stafford, D. Wacksman

Board Absent: R. Emrich

Others Present: T. Betancourt, L. Brown, T. Brown, J. Carroll, P. Clark, E. Crane, C. Curtis, C. Davis, C. Dzurka, D. Freed, A. French, M. Gmeiner, J. Goodnow, L. Govitz, P. Harris, T. Heinz, A. Howell, J. Kendziorski, M. Lemerand, D. Lutz, R. McCracken, M. Moore, M. Mosqueda, D. Peruski, K. Schuler, J. Sorrels, J. Stahl, T. Stitt, G. Teter, L. Ullrich, A. Ursuy, B. Webb, S. Whitney, S. Witzke

Press Present: None

Board Chair R. Stafford called the meeting to order at 6:20 p.m.

R. Stafford turned the meeting over to D. Lutz who presented the Preliminary Budget Planning for FY 2014-2015. She introduced the Budget Cabinet membership including the chair, Janis Kendziorski and Board Representative, Mike Rowley. D. Lutz indicated a challenge for this year with the governor's proposed tuition restraint.

The tuition and fees recommendation is presented for approval at the regular meeting tonight to give students more time for planning and to allow for financial aid packaging. D. Lutz explained that Budget Cabinet had proposed two recommendations, one for a \$6 in-district increase in tuition and also a \$3.20 that would align with the proposed tuition restraint. Because the appropriations bill and tuition restraint has not yet been finalized the \$3.20 recommendation is being presented at this time.

The Budget Cabinet work included reviewing the effectiveness of the current tuition and fee structure; comparing rates across the other Michigan Community Colleges; comparing rates to other regional higher education institutions; reviewing overall budget and financial impact; and reviewing current and future strategies to the tuition and fee structure.

The ACS Comparison shows the tuition rates of all community colleges. Delta's current rate is at \$88.50, with the state average being \$94.41 and our state peer group average at \$96.55. Looking at the ten-year average for all Michigan Community College the increase in tuition is \$34.13 while Delta's is \$21.00.

For out-of-state tuition, Delta's is currently \$142, with the state average being \$156 and our state peer group average at \$154. The surrounding community colleges such as Mott, Mid-Michigan and St. Clair all have much higher out of district tuition rates than Delta.

Budget Cabinet also looked at tuition and fee revenue per fiscal year equated student (FYES). To compute this you need to take all the tuition and fee revenues and divide it by the FYES. ACS reported tuition and fee revenue per fiscal year equated student (FYES for Delta is at \$4,350 with the state average at \$4,705, the state aggregate at \$4,342, and our peer group average at \$4,443. The nine-year change shows an increase of \$1,562 for the state average, an increase of \$1,924 for the state aggregate and an increase of only \$689 for Delta College.

D. Lutz also shared the spending per FYES. Delta College spends about double the amount of our tuition at \$8,997 per FYES. The state average is \$8,940 and the average among our peer colleges is \$9,304. The increase over the last nine year has been \$905 for the average and Delta has had an increase of \$321.

Delta spends comparatively less and nearly the lowest among other community colleges in the state of Michigan on support services such as instructional support, student services, administration and physical plant. On the flip side we spend comparatively more than all other community colleges except Alpena on instruction. This practice will not be sustainable going forward and will need to be addressed as there is little room to cut further from the support services areas of the college.

There have been discussions on charging student by contact hour versus credit hour. Currently all but six community colleges in the state of Michigan still charge by credit hour. Kellogg Community College is currently in the process of converting leaving only five in the state.

D. Lutz went over the results of the Gibson Survey which compares the tuition bills for four freshman courses (ENG, BIO, MTH and PSY). Delta's bill came to \$1,724.50, the state average was \$1,777.00 and the average within our peer group was \$1,657.00

The recommendation is to increase in-district tuition by \$3.20 per credit hour, out-of-district and out-of-state tuition by \$4.90 and \$9.10 per credit hour respectively. All of these increases are compliance with the governor's proposed tuition restraint. The other changes include a proportionate increase in the excess contact hour fee, a \$5 increase in the training tuition fee and a new \$5 transcript fee. Overall these changes equate to a 3.18% increase and fall within the proposed 3.2% restraint cap.

D. Lutz noted that if the tuition restriction is removed from the final bill, it is likely that a recommendation on tuition and fees would come to the Board in the fall for implementation in the Winter 2015 semester. In comparison to our competitors we have the lowest cost per credit hour.

The proposed recommendation will bring in \$800,000 in additional revenue. For a full-time student taking 12 credits they will see a \$38.40 increase during a semester and an increase of \$99.20 for someone taking 31 credits during an academic year. The proposed tuition increases will qualify under the Pell grant for students eligible for financial aid.

D. Lutz then present the proposed budget for FY 2014-2015. There is an expected loss in enrollment of about 15,000 credit hours producing a loss of \$2 million in tuition and fee revenue. The Western Interstate Commission for Higher Education Projections for High School Graduates in Michigan shows that the high school population will decline steadily by around 20% from 2007/2008 through 2019/2020 and continue to decline indefinitely beyond that. There is a proposed increase of tuition and fees of \$3.20 per credit hour, a decrease of around \$125,000 in property taxes, an increase of 2.45% or \$346,300 in state funding and no changes to investment income.

On the expense side the faculty salary agreement includes a 1.8% increase in faculty salaries with another 1.9% increase due to steps and promotion for a total of 3.7%. The AFSCME agreement includes a 1.8 % wage increase for maintenance salaries, and no changes to adjunct pay or minimum wage for student employees. Increases to administration professional staff, support staff and part-time employees is open as recommendations will come in June. There is also a net 1.25% increase for medical/vision/hearing with the new deductible implemented and a 10 % rate increase, a 2% increase in dental, an average of 26% on all salaries for MPSERS and a 10% rate on the ORP.

With no changes the budget model indicates a deficit of \$2.4 million. After savings of \$2,721,994, mostly due to elimination/reduced positions equal to 15 FTE and new funding needs of almost \$302,168 this would result in a surplus of \$30,620. The board was presented with a list of the items identified for savings and new funding. No programs or services will be eliminated.

Board members asked for a multi-year forecast so that they can better help with long term issues such as declining high school enrollment and also in regards to the focus of the Strategic Plan. M. Rowley suggested that periodic updates from Budget Cabinet be sent to the Board. The Board also suggested that a multi-year projection of the budget be put in as one of the President's goals with trends.

There being no further business, the dinner meeting was adjourned at 7:34 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary