

**DELTA COLLEGE
BOARD OF TRUSTEES
DINNER MEETING
June 14, 2016
Delta College Main Campus Commons**

Board Present: R. Emrich, K. Houston-Philpot, M. Nash, M. Rowley, D. Wacksman

Board Absent: K. Lawrence-Webster, D. Middleton, M. Morrissey, E. Selby

Others Present: V. Bledsoe, L. Brown, T. Brown, P. Clark, J. Carroll, T. Clegg, E. Crane, R. Curley, R. Curry, J. Goodnow, L. Govitz, F. Hoffman, A. Howell, D. Lutz, J. Miller, M. Mosqueda, T. Nadolski, D. Peruski, L. Peters, G. Przygocki, L. Ramseyer, K. Schuler, A. Ursuy, B. Webb, S. Whitney

Press Present: J. Becker (Midland Daily News), M. Jablonski (Delta Collegiate), E. Hopkins (Delta Collegiate)

Board Chair M. Rowley called the meeting to order at 6:00 p.m.

J. Goodnow started the meeting with a brief overview of the topics to be discussed including the Strategic Plan and Budget. Also with a commitment to discuss various strategic policy issues with the Board, we will continue to have presentations on the college's action projects. J. Goodnow then turned the meeting over to Andrea Ursuy, Director of Institutional Effectiveness and Assistant to the President.

A. Ursuy noted that the Strategic Plan is built around the college's mission, vision and values. The four strategic focus areas (student success, community focus, sustainability and people focus) provide the foundation for our strategic initiatives and action projects. Each action project has specific goals and measures of success. There are ten initiatives for the 2015-2019 plan. She also noted that Pam Clark would be talking about one of the college's action projects, increasing our competitive advantage. The strategic planning process was again shared with the Board and focus was given to the Review section since we are on a four year planning horizon. Activities include the tracking of KPI's, mid-year review process, modifying plans and the evaluating and improvements of the strategic planning process.

P. Clark presented on Action Project 2.1-1: Community Engagement Strategy. Members of this team also included Jennifer Carroll and Leanne Govitz. In order to increase Delta's competitive advantage a yearly plan was implemented for Delta staff to provide visibility at community events and create an impact on educational programs or financial success. There would also be a focus on training staff to network and follow-up with community contacts.

A strategy document was created to help build strategic alliances and partnerships that result in increased enrollment, financial and in-kind contributions, building community leadership and demonstrates to the region Delta College's value of diversity and inclusion.

A group calendar was created by the efforts of Kay Schuler. The Community Engagement Calendar has events which are deemed important for there to be representation by Delta College. Metrics have been set measuring the engagement progress based on the number of people from Delta who attend the various events.

Finally, P. Clark noted that training has been developed along with a fact sheet which was presented to Executive Council. This training will now be presented to a broader audience with help from Loyce Brown and the Center for Organizational Success. R. Emrich requested training for the Board of Trustees.

D. Lutz gave the Budget Presentation for Fiscal Year 2016-2017. She started by acknowledging the Budget Cabinet membership including Toni Clegg, Chair of the Committee and the Board of Trustees Representatives, Mike Nash and Mike Rowley.

D. Lutz noted that the budget includes the following funds:

- General: transactions related to the College's academic and instructional programs along with student services;
- Designated: self-supporting operations that are related to non-credit instruction and training such as Corporate Services, Lifelong Learning and the Corrections and Police Academies;
- Restricted: accounts for all grants, federal financial aid and Pell Grants, and Broadcasting;
- Auxiliary: self-supporting activities of the college such as Bookstore, Food Services, Printing, Fitness and Recreation Center; and
- Plant: capital expenditures related to building and equipment.

The college's proposed budget for 2016-2017 includes revenues of \$100,645,553, down 3.9% from last year. The General Fund budget revenues are \$66,792,000, an increase of about 1.9% from last year and the expenses are about the same with about a 1.9% increase. The Designated Fund budget is about \$6 million, down about 5% from last year. The Restricted Fund is down about 22% from last year due to some major grants, like STEM, and a decline in student financial aid such as Pell. The Auxiliary Fund is down around 12% due to reduced volume and lower enrollments. The Plant Fund is also down about 4% from last year.

The General Fund budget revenues are \$66.8 million and expenses are \$66.8 million. Revenue comes from three major sources: tuition and fees (41%), state appropriations (23%) and property taxes (35%), with 1.7% from other sources. These percentages are exactly the same as last year's. Enrollment is the driving force behind the assumptions used for the revenue side of the budget which is based on 182,300 credit hours. The budget includes the \$3.00 increase in

tuition (in-district), a slight increase of .95% in property taxes and an increase of 1.4% or \$203,700 in state funding.

D. Lutz shared the enrollment trends from 1995-1996 to current budgeted 2016-2017. The 2016-2017 enrollment projection is a drop of 4.1% from the current year. Since 2009-2010, there has been an annual loss of about 27% of enrollment, around 69,000 credits and about \$10.4 million annually. To offset these losses the college has increased tuition modestly and reduced expenses.

The property tax calculation is more complex this year due to voters approving in 2012 the phase out of personal property taxes. This next year we will see for the first time a reimbursement from the state for some of those losses. The reimbursement is based on valuations. Estimated by the state, personal property value reimbursement is on a value of \$591,839,695 and at our millage results in \$1.2 million. The phase out is estimated to take 10 years and will be completed by 2023. Without this reimbursement our property tax values would have dropped about 4.3%. Overall we will end up with a net .95% increase of about \$220,000.

In total the \$11.4 billion in property value at our millage rate of 2.0427 will generate about \$23.3 million in revenue. After allowing for delinquent and appealed taxes, we will have \$23,183,000 in tax revenue. The tax breakdown is very similar to last year with 43% coming from Saginaw County, 33% from Midland County and 24% from Bay County.

D. Lutz shared the property tax trends from 1999-2015. The highest taxable value was back in 2007 and it has since continued to decline and just recently stabilized. In the past the increases were more than the rate of inflation. She also shared the historical information on state funding. There is very limited growth in this area and no mid-year executive orders since 2006-2007.

D. Lutz shared a 10 year comparison of the college's revenue sources in which there has been a shift toward tuition and fees being the main source. On the expenditure side there is a contract agreement for faculty with a base only increase of 1.5%. To cover the costs of steps and promotion the college will need to budget overall an average of 2.49%. There is a proposal before the Board tonight for an increase of 1.5% for A/P, support staff and part-time on the base only. To cover the costs of the performance management system the college will need to budget overall an average of 2.27%. There is also a 1.5% increase for maintenance staff. The rate for adjunct pay will increase by \$10 to \$650. Minimum wage will increase on January 1, from \$8.50 to \$8.90 and will affect all student workers.

There is an estimated increase to medical of 10% and a 2% increase for dental. The life and disability rates were multiple year agreements with no increases. The biggest benefit cost is in retirement with the MPERS average rate at 25.56%, ORP at 10% and social security at 7.65%.

Looking at the expenditures by activity, instruction is about 61% of the entire college budget and with adding in student services, brings the total to almost \$49 million or 73%. The breakdown of the expenditures are exactly the same as last year with 61% for instruction, 13.5% for facilities management, 12% on institutional administration, 11.9% for student services and 1.6% for public service. Approximately 78% or \$52.4 million of this is spent on our people; in salaries, wages and benefits. D. Lutz also shared a 10 year history on the fund balance which has continued to be maintained at 10% of our annual operating costs.

D. Lutz reviewed the sources of savings and new revenue along with new strategic and operations funding with no changes since being presented last month. There was a brief overview of the designated, restricted, auxiliary, and plant funds.

Finally D. Lutz talked about the capital outlay master plan and the major maintenance projects that have been submitted to the state as part of our plan. A detailed list of the State Five Year Capital Outlay Master Plan's major capital projects along with the major maintenance projects as part of this required report total \$40 million. There is also a list of all the major projects that are scheduled, budgeted and some already in progress totaling \$8.5 million.

There being no further business, the dinner meeting was adjourned at 6:49 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary