

**DELTA COLLEGE DISTRICT
BOARD OF TRUSTEES
DINNER MEETING
May 11, 2010
Delta College Ricker Center**

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

Board Absent: K. Higgs

Others Present: J. Goodnow, B. Baker, S. Carlyon, P. Clark, D. Daniel, A. Edwards, L. Govitz, P. Graves, S. Hartshorn, A. Hill, G. Hoffman-Johnson, L. Holoman, T. Kienbaum, J. Knochel, T. Kubatzke, G. Luczak, D. Lutz, J. Miller, S. Montesi, C. Morley, M. Mosqueda, L. Myles-Sanders, L. Ramseyer, S. Romer, P. Seidel, J. Stahl, T. Stitt, C. Urbano, A. Ursuy, S. Whitney, K. Wilson, M. Wood

Press Present: A. Dodson, Bay City Times; E. Doerr, Midland Daily News

Chairperson Kim Houston-Philpot called the meeting to order at 6:05 p.m. Teresa Stitt welcomed everyone to the Ricker Center. She provided a report on enrollments at the three off-campus centers including Ricker, as well as a newsletter from the Ricker Center. She described several events and success stories, including the repeat performance of "Merchant in the Valley" scheduled for May 13, and the Community Youth Career Fair scheduled to take place at the Ricker Center May 15.

Debra Lutz presented information about the college's budget process and the information considered by the Budget Cabinet in its development of recommendations to the President regarding tuition for 2010-11. She explained that the Budget Cabinet begins its work each Fall semester, and introduced Budget Cabinet members present, including Trustee Bob Stafford who has taken a very active role on the Cabinet.

The Budget Cabinet looks at the College's history of enrollments, expenditures and revenues, and at tuition information from other local and statewide colleges and universities. It looks at the actual total tuition and fee cost for a typical full time freshman at each Michigan community college. It also considers the use of fees to encourage desired student behavior, such as the use of discounted registration fees to encourage students to register early and attend from the first day of class. She noted that the budget assumptions presented are as of today and may change by next month when the budget is brought forward to the Board; this evening the focus is on tuition.

Ms. Lutz pointed out that for the 2009-2010 fiscal year when the college froze tuition, state funding was not cut, and property tax revenue rose slightly, whereas this year it appears likely that state funding will be cut 3.1% and property tax revenue will decline

by 4%. There is also the prospect of Executive Order cuts later in the fiscal year. Therefore, the Budget Cabinet is recommending a 3.8% or \$3.00 per credit hour tuition increase for in-district students, with proportional increases in out of district tuition, and no increase in fees.

Responding to a question from R. Emrich, Ms. Lutz said that the anticipated cut in state funding is estimated at approximately \$400,000 and the reduction in property tax revenues at \$1,000,000, whereas the tuition increase is anticipated to generate \$835,000. With the shortfall between these reductions and revenues, and anticipated cost increases in benefits and retirement contributions, cuts totaling \$1.2 million and salary freezes will be necessary to balance the budget.

Ms. Lutz pointed out that the cost savings identified by Executive Council totaling \$1.2 million were achieved by reorganization, savings from open positions, and changes in processes. No jobs, programs or services are being eliminated. The State tuition tax credit will not be available, contrasting with the 3.8% increase that was permissible last year when tuition was frozen. Most community colleges this year are raising tuition by \$3 or more, and some plan mid-year increases. Dr. Goodnow said Delta tries to avoid mid year changes because of the impact on students' plans and student financial aid.

D. Wacksman asked about training tuition and D. Lutz responded it applies when students have enrolled in Corporate Services courses for which they want college credit. R. Stafford pointed out that state and property tax revenue decreases leave the college with no other avenue than to raise tuition in order to provide quality education at a reasonable cost. He asked how many students receive financial aid, and Trevor Kubatzke said it is approximately 55%-60%. He will provide the Board information on how many students' costs are fully covered by grants.

Ms. Lutz noted that the information presented this evening is for two years and that the assumptions are subject to greater and greater change the further ahead we project. Assumptions include no salary increases for the next two years, enrollments at 240,000 credit hours, another 4% reduction in property tax revenue next year, and big increases in retirement costs to 27% of salaries in 2010-11 and 28% in 2011-12. R. Emrich asked about state retirement system proposals being discussed in Lansing, and D. Lutz responded that there is no conclusion as yet.

E. Selby inquired about investment income, and D. Lutz said that it was not projected to decrease but that income is projected at less than 1%; options are limited due to state law restrictions. K. Houston-Philpot suggested benchmark comparisons with respect to benefits; employers have found savings when employees have more options such as larger deductibles. K. Lawrence-Webster inquired about benefits discussions in Budget Cabinet, and D. Lutz responded that no additional employee contributions were discussed due to salary freeze recommendations. R. Emrich pointed out that Delta has been moving toward more employee sharing of benefits costs. K. Houston-Philpot recommended continued review going forward. K. Lawrence-Webster inquired about benefits as a percentage of total compensation and D. Lutz said it varies depending on

salary level, full time or part time status, etc. and referenced current figures in the Budget Book.

R. Emrich thanked D. Lutz and the Budget Cabinet for an excellent presentation and job well done. D. Lutz noted the work of Executive Council and the hundreds of suggestions from Delta employees and students, all of which were discussed and many of which were used.

There being no further business, the dinner meeting was adjourned at 6:55 p.m.

Respectfully submitted,

Leslie Myles-Sanders, Board Secretary