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DELTA COLLEGE DISTRICT
BOARD OF TRUSTEES
DINNER MEETING
February 16, 2010
Delta College Main Campus, Room N 7

Board Present: **R. Emrich, K. Higgs, K. Houston-Philpot, T. Lane, K. Lawrence-Webster, J. MacKenzie, E. Selby, R. Stafford,**

Board Absent: **D. Wacksman**

Others Present: **J. Goodnow, B. Baker, P. Clark, L. Govitz, P. Graves, T. Grunow, S. Hartshorn, A. Hill, T. Kienbaum, J. Knochel, T. Kubatzke, D. Lutz, J. Miller, L. Myles-Sanders, G. Przygocki, L. Ramseyer, S. Romer, P. Seidel, J. Stahl, A. Ursuy, S. Whitney, K. Wilson, M. Wood**

Chairperson Kim Houston-Philpot called the meeting to order at 6:00 p.m. She said she and Vice Chair Bob Emrich had met with Jean Goodnow and Deb Lutz to talk about budget and fiscal policy and how these relate to the work of the Budget Cabinet and to the strategic plan. She expressed the hope that if Board members had questions they wished to have addressed specifically in this presentation, they had sent those questions to Dr. Goodnow.

Jean Goodnow recalled the presentation at the Board Special Meeting June 19, 2009 with Dr. Walter Bumphus, former community college system President and current chair of the Department of Educational Leadership at the University of Texas at Austin, who spoke with the Board on "Characteristics that Distinguish Good Colleges from Great Colleges, and the Role of the Board in Supporting a Great College." She referred the Board to the Strategic Plan and Budget for 2009-2010, which Board members received in August 2009, and to the strategic planning section with the Mission, Vision and Values adopted by the Board in May 2006, and the four Strategic Focus Areas (SFAs) that are in place for 2008-2011: Student Success, Community Focus, Resource Effectiveness and Sustainability, and People Focus.

Deb Lutz pointed out the College's Fiscal Policies, which are modeled after Government Finance Officers Association (GFOA) Best Practices, follow the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) guidelines, and are in accordance with the Michigan Public Community College Uniform Financial Reporting (MUFR) guidelines. They are at pages 101-107 of the Strategic Plan and Budget book.

Kim Houston-Philpot asked for an example of moving dollars during the fiscal year in order to meet strategic goals; Deb Lutz gave the example of moving dollars to the adjunct faculty line item in order to meet expanded enrollments. Kim Higgs questioned the manner in which the college's budget is presented, saying that it provides for the least Board input of any type of budget; as an example, he said that Board members have no clue about positions and associated pay. Deb Lutz pointed out the Detail of General Fund Expenditure Budget at pages 58-59 of the 2009-2010 Strategic Plan & Budget Book and the Summary of Budgeted Personnel at page 63, and said that behind each cost center there is a wealth of additional detail. She asked Board members to tell the administration what level of detail they want.

Dr. Emrich asked how the College determines what positions are needed. Deb Lutz responded that this is done by departments, divisions and the President, who reports on these decisions to the Board; new positions are shown at the front of the budget book, page 5. Dr. Goodnow gave the example of how the college evaluates how many faculty are needed in the economics discipline: the discipline and division provide detailed information on enrollments and enrollment trends, as well as curriculum plans and changes, to the Academic Administration, which often asks additional questions; those new positions which Academic Administration feels are appropriate and necessary are then brought for discussion with the President and Vice Presidents and Executive Council, for assessment whether they can be funded within a balanced budget, and for decision by the President.

Kim Houston Philpot asked Mr. Higgs to clarify his question. Kim Higgs responded that the Board could approve each line item in the budget. Deb Lutz pointed out that Delta's budget model is considered to be a best practice, allowing the college to be very agile while maintaining transparency and effective controls. Every cost center manager can see all other cost center information, which probably encourages everyone to "do the right thing." Dr. Emrich pointed out that it was not always the case that auxiliary services were self-supporting, including equipment and expenses, as they are now.

Kim Higgs asked whether Corporate Services is different. Deb Lutz responded that it is self supporting. Kim Higgs said that the college has moved staff to Corporate Services, against their will, resulting in a loss of pay. Deb Lutz said that she was not aware of any situation that resulted in a loss of pay, except that in one case there was a need to reduce overlapping responsibilities where the person being paid both for teaching and for assigned duties at Corporate Services. Paul Seidel said that very few people had transferred to Corporate Services.

Dr. Emrich asked if 79% of the budget is people, then is there only 21% of the budget allowing for "wiggle room?" Deb Lutz responded, referring to the overall budgeting process and the work of the Budget Cabinet. Dr. Emrich asked if there is a lot of overspending. Deb Lutz responded that overspending is not necessarily wrong, citing the example of increasing the spending for adjunct faculty when enrollment increases. She said that budget deviations are minimal because managers know they will be required to justify the changes.

Karen Lawrence-Webster questioned the policy of maintaining an 8% fund balance. Deb Lutz responded that this policy was adopted in 1989 and represents approximately 30 days' expenses. She said that GFOA recommends as high as 17%, the Higher Learning Commission (our accreditors) 10-15%, and our auditors 8-15%. She said increasing the fund balance would be at the expense of putting money into the plant fund that can be used for the 50% match required by the state for capital expenditures and the approximately $52 million in current renovation needs.

Dr. Emrich and Deb Lutz noted that the structural deficit of the State of Michigan has been created by funding ongoing needs with one-time dollars. Deb Lutz noted that the State also requests information about fund balances from time to time. Karen Lawrence-Webster suggested that the funds could be protected by transferring them into a VEBA trust.

There being no further business, the dinner meeting was adjourned at 7:10 p.m.

Respectfully submitted,

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Leslie Myles-Sanders, Board Secretary