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**Delta College
Board of Trustees
Dinner Meeting
May 9, 2017
Delta College Main Campus Room N7**

Board Present: M. Benecke, R. Emrich, K. Lawrence-Webster, D. Middleton, M. Morrissey, M. Rowley, E. Selby

Board Absent: A. Buckley, M. Nash

Others Present: D. Baker, D. Baskind, R. Battinkoff, Q. Beckman, V. Bledsoe, L. Brissette, T. Brown, J. Carroll, P. Clark, R. Curley, R. Curry, L. Dull, M. Faleski, J. Goodnow, L. Govitz, M. Hernandez-Alaniz, S. Jensen, S. Lewless, D. Lutz, J. Miller, M. Mosqueda, G. Przygocki, L. Ramseyer, D. Roebuck, S. Schultz, L. Smith, D. Traverse, A. Ursuy, B. Webb

Press Present: John Becker (Midland Daily News); John Hall (WSGW)

Board Chair, R. Emrich called the meeting to order at 6:09 p.m. R. Emrich then turned the meeting over to Deb Lutz, Vice President of Business and Finance to talk about the tuition and fee recommendation, the preliminary budget plan and a five-year general budget and simple forecast.

D. Lutz recognized and introduced the Budget Cabinet membership including the chair, Mike Faleski and Board Representative, Diane Middleton. One of the Budget Cabinet's primary duties is to review the tuition and fee structure and make a recommendation to the President on proposed changes.

The Budget Cabinet spent a great deal of time reviewing the College's our current tuition and fee structure and comparing rates across the other Michigan Community Colleges as well as other regional higher education institutions. With Delta's current tuition rate of \$99.50 a credit, the next closest option in our region is \$250.00 a credit, with others at \$300 and up to \$800 credit hour. Budget Cabinet also reviewed the overall budget and financial impact along with tuition and fee structure in comparison to property taxes and state funding.

D. Lutz shared with the Board the Michigan community college tuition and fee comparison chart compiled by the Senate Fiscal Agency. It is prepared for the legislature on an annual basis. It includes tuition rates for both Fall of 2016 and Winter of 2017, an average tuition rate for 2016-2017, the contact/credit hour fees, and semester fees for all twenty-eight community colleges in Michigan. Also calculated is the total cost per credit/contact hour and the annual tuition and fee costs.

For 2016-2017, the total cost per credit/contact hour for Delta College is \$119.17 and the annual tuition and fee costs for a student taking 30 credit/contact hours per year equates to \$3,575.00. This compares to the state average of \$128.81 per credit/contact hour and an annual cost of \$3,864.17, making Delta \$9.64 and \$289.17 less respectively. This information was the primary reason for the Budget Cabinet's recommendation.

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D. Lutz noted that other colleges will most likely make changes to their tuition and fees for FY17-18 also. D. Lutz said that the Budget Cabinet recommended a \$9.50 increase per credit hour in tuition to the President. The President, along with the D. Lutz, had some concerns about it being too big of an increase in one year and therefore the recommendation being brought forward to the Board tonight is for an increase of \$7.50 per credit hour. This will help in moving the College fee structure up, closer to the state average. The recommendation would also include increases in out-of-district tuition by \$13.00 credit hour and out-of-state tuition by \$24.00. The fee for on-line courses would also increase by \$5.00. Also included is a proportionate increase in the excess contact hour fees which are calculated at 2/3 of the tuition rate.

In addition to increasing tuition and fees, the college will be cutting approximately \$1.7 million from the budget in order to balance it. The need for both an increase in tuition and a reduction in spending are mostly driven by the decline in enrollment. E. Selby noted that our tuition rate is significantly lower than any of our peer community colleges in regards to location. M. Rowley asked about class size and if there was a way to compare them across colleges. D. Lutz noted that although it's not directly reported it can be calculated by using figures from the ACS report. She noted that based on these calculations our class sizes are very low compared to our peers, those similar in size. She also mentioned that those calculations are often disputed by others as not being accurate.

E. Selby asked at what point will low tuition start to impair our ability to provide the quality instruction and services we are known for. D. Lutz noted that it already has. There have been years where State restrictions have hindered our ability to raise tuition to a certain level. The tuition increase will result, based on 175,000 credit hours, in roughly \$1.7 million dollars in new revenue. Even with the increase we will remain the lowest cost option in the area.

D. Lutz then presented the draft 2017-2018 budget which is based on 175,000 credit hours, a reduction of 4% from this year. In reviewing the credit hour history, from FY 2009-2010 which was our high point, we have dropped 76,000 credit hours annually, resulting in an \$11 million loss in revenue annually.

Other revenue sources for the College include a very small estimated increase of 0.17% in property taxes and no increase in state aid. On the expense side, the faculty agreement is in place for a 1.9% increase to the base only. The same increase is in place for maintenance staff. The A/P and Support Staff is not yet determined and a recommendation will be brought to the Board in June. Adjunct pay will increase by \$15 and minimum wage is scheduled to increase in January to \$9.25. In regards to benefits, there is a 12% increase to medical and no increase for dental. Life and disability insurance will stay the same and there is a slight increase in MPERS to 25.8% from 25.56%. No general increases are expected for supplies and services, equipment, professional development and travel.

Total revenues will increase by \$650,000 which is less than 1%. In order to keep providing the same level of programs and services, the College would need \$1.9 million more in revenue to break even. Therefore there are suggested reductions in the amount of about \$1.7 million along with new funding requests of \$438,000 leaving us with roughly \$8,000 net positive balance. The Board was provided with list of saving and new funding requests. No programs or services will be eliminated.

D. Lutz then presented the five-year general fund budget and simple financial forecast. The forecast starts with the proposed budget FY 2017-2018 and projects the budget through FY 2021-2022. This simple forecast is based on enrollment continuing to fall starting with 175,000 credit hours for FY 2017-2018 to 163,000 in FY 2021-2022. This forecast has no programming or staffing changes. It is also based

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o a \$6.00 tuition increase for FY 2018-2019 and then an increase of \$4.00 per credit year for the remaining years. There are no increases in property taxes, a 2.5% increase in state funding and no changes in investment income. Also included are expenses such as salaries and benefit costs with some minimal increases. The amount of money that would need to be trimmed from the budget each year to balance would be:

F 2018-2019 - \$231,987
F 2019-2020 - \$839,916
F 2020-2021 - \$937,855
F 2021-2022 - \$1,038,606

This shows us that our financial structure is not at a sustainable level yet as we are not generating enough new revenue each year to cover our expenses.

There being no further business, the dinner meeting was adjourned at 7:02 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary