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**Delta College
Board of Trustees
Dinner Meeting
June 13, 2017
Delta College Main Campus Room N7**

Board Present: M. Benecke, A. Buckley, R. Emrich, D. Middleton, M. Morrissey, M. Rowley,

Board Absent: K. Lawrence-Webster, M. Nash, E. Selby

Others Present: J. Bamberg, V. Bledsoe, L. Brown, T. Brown, J. Carroll, P. Clark, A. Cramer, M. Crawmer, R. Curley, R. Curry, S. DuFresne, B. Faccio, M. Finney, J. Goodnow, L. Govitz, S. Jensen, R. Kozuch, S. Lewless, D. Lutz, J. Miller, M. Mosqueda, T. Nadolski, G. Przygocki, L. Ramseyer, K. Randolph, D. Segura, D. Roebuck, A. Ursuy, B. Webb

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

Board Chair, R. Emrich called the meeting to order at 6:10 p.m. R. Emrich then turned the meeting over to Andrea Ursuy, Assistant to the President and Director of Institutional Effectiveness, to give an update on the College's Strategic Plan. She reviewed with the Board the College's mission vision and values.

A. Ursuy also reviewed with the Board the four strategic focus areas:

- Student Success – promoting success for all students, in the classroom, and in life
- Community Focus – understanding and responding to our communities' needs.
- Sustainability – using all resources in an efficient and sustainable way
- People Focus – respecting and growing our people personally, professionally, and organizationally

The strategic focus areas as well as the strategic initiatives are maintained through the four year planning horizon. Currently there are 10 strategic initiatives that were approved with the plan back in 2015. They provide a broad, goal-oriented description of the way in the Delta is working to attain success in each of the strategic focus areas.

The strategic initiatives include:

Student Success:

- 1.1 Increase student enrollment and retention of current students.
- 1.2 Increase degree/ certificate completion and/or transfer rates of students.

Community Focus:

- 2.1 Increase Delta College's competitive advantage.
- 2.2 Utilize Delta College's off-campus centers to meet the educational need of the community.
- 2.3 Increase collaboration with K-12 and post-secondary educators to understand their needs and strengthen our partnerships.
- 2.4 Meet the needs of area employers and provide support for economic development in our region.

Sustainability:

- 3.1 Expand, promote, and codify sustainability across the curriculum.

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3.2 Conduct all operations in an agile and sustainable manner.

3.3 Increase the use of data and benchmarking to promote the efficient use of resources.

People Focus:

4.1 Increase the capability and diversity of the workforce to achieve high performance characterized by an engaged and satisfied faculty and staff.

In order to accomplish the initiatives, institutional action projects are developed. They can be short or long term and once completed a new project is identified. The College currently has 14 action projects with each one have specified champions and project measures. A. Ursuy noted that the Strategic Planning and Institutional Effectiveness steering Committee is a cross-functional committee that guides and aligns the strategic planning process as well as monitors the plan's progress. Project champions submit updates at mid-year and provide presentations to the committee, receiving suggestions and feedback in helping to move the project forward towards completion.

A. Ursuy shared with the Board the "Year 3" projects as included in the Strategic Plan and Budget Book. She also talked about the mid-year updates which serve as progress reports. Some noteworthy accomplishments included the following:

In support of student success initiatives:

- The Recruit Customer Relationship Management tool was implemented in Fall 2015 and the Advise CRM was implemented in Winter 2017.
- A new student orientation model was implemented – This mandatory small group orientation is now in place for all First Time in Any College (FTIAC) students who begin attending Delta College in the Fall 2017 term and after.
- Guided pathways for all 166 career and technical programs were completed by Fall 2016.

In support of community focus, increasing the College's competitive advantage:

- The College completed action project 2.1-2 – to launch a redesigned college website with focused and standardized messaging and content – and easier navigation.

In support of sustainability, increase the use of data and benchmarking:

- The College has implemented a data dictionary through the use of a tool called iData Cookbook. The Cookbook was launched with more than 1,000 definitions in Fall of 2016. The Data Cookbook is important because it forms the basis for common data language and ensuring that the College is using "one version of the truth" when using data to inform our decisions.

A. Ursuy finished her update by stating that Delta College's strategic planning process aligns with and drives our budget as it should. It is a continuous quality improvement process.

J. Goodnow gave recognition to Talisa Brown for all of her help in creating the Strategic Plan and Budget Book.

Deb Lutz, Vice President of Business and Finance, began her presentation with recognition to both Angela Cramer and Talisa Brown for all of their work on this year's Strategic Plan and Budget Book. A. Cramer has been acting as interim controller for the College and for the first time worked and created most of the financial data included in this year's budget book. D. Lutz noted T. Brown voluntarily offered to help take on the task of making the budget book accessible as required by law for our website. She too had never work on this project before. D. Lutz then introduced the College's new

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controller, Sarah DuFresne, a graduate of Delta College and an Academic All-American on the women's basketball team. She is a CPA and has worked the last 20 years for Bay City Public Schools in the Finance Office. The last nine years have been as the Director of Finance and Accounting.

D. Lutz recognized and introduced the Budget Cabinet membership including the chair, Mike Faleski and Board Representative, Diane Middleton. She then began with the All Funds Budget with revenues around \$101 million, an increase of 0.85% from last year. Budgeted expenses will total around \$110 million. The College is intentionally spending money out of our reserves to pay for plant projects, like the Saginaw Center. Money is set aside every year for this exact purpose.

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 General Fund budget revenues are around \$67.7 million, an increase of about 1.4% from last year and the expenses are about the same with about a 1.4% increase. This results in an excess of revenue over expense of around \$25,000, resulting in an ending fund balance of close to \$6.9 million. D. Lutz said that our budget is not sustainable in the fact that on a marginal basis tuition doesn't cover the direct cost of instruction. We are committed to serving the needs of our community but we do need to look at things more carefully and differently.

On the revenue side, \$28 million or 42% comes from tuition and fees; \$16.3 million or 24.1% from State appropriations; \$22 million or 32.6% from property taxes and the final 1.6% from other sources. This year the State appropriations figures include the reimbursement of the personal property tax (\$1.3 million) as determined by the State.

D. Lutz presented the following budget assumptions which were also presented at last month's dinner meeting. The 2017-2018 budget is based on 175,000 credit hours, a reduction of 4% from this year; an increase in tuition of \$7.50 per credit hour (in-district); a slight increase in property taxes of 0.26%; no increase to state aid; and investment income will remain stable. In reviewing the credit hour history, from FY 2009-2010 which was our high point, we have dropped 76,000 credit hours annually, a 30% drop, resulting in a \$12 million loss in revenue annually. The College has had to adjust our expenses to balance the budget.

Property values among the three counties total \$10.8 billion, an increase of 0.26%. Saginaw County went up 1.29%, Midland County down 0.19% and Bay County Down by 0.94%. This will generate about \$22 million for the College.

D. Lutz shared the property tax trends from 1999-2016. 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

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the rate of inflation. She also shared the historical information on State funding. There is very limited growth in this area.

On the expenditure side there is a contract agreement for faculty with a base only increase of 1.9%. To cover the costs of steps and promotion the College will need to budget an overall average of 3.3%. There is a proposal before the Board tonight for an increase of 1.9% for A/P, support staff and part-time on the base only. To cover the costs of the performance based component of the system the college will need to budget a total overall average of 2.84%. There is also a 1.9% increase for maintenance staff. The rate for adjunct pay will increase by \$15 to \$665. Minimum wage will increase in January to \$9.25 and will affect all student workers.

There is an estimated increase to medical of 12% and no increase for dental. The life and disability rates were multiple year agreements with no increases. The biggest benefit cost is in retirement with the MPSERS average rate at 25.8%, ORP at 10% and social security at 7.65%.

Looking at the expenditures by activity, instruction is about 60% 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 very similar to those in past years with 61% for instruction, 12.9% for facilities management, 12.7% on institutional administration, 12.1% for student services and 1.6% for public service. Approximately 78.5% or \$53 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 since 2009/2010.

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.

The Designated Fund budget is about \$6 million, up just 2.5% from last year. The Restricted Fund is almost the same as last year with a budget of around \$18 million. The Auxiliary Fund is down around 2.69%. They continue to transfer \$250,000 to the general fund for student scholarships and fund their own equipment expenses.

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 \$39 million. There is also a list of all the major projects that are scheduled, budgeted and some already in progress totaling \$3.6 million and projects in planning totaling 12.2 million. The Plant Fund budget shows revenues of \$3 million and expenses of \$12.2 million. The College will be spending \$9 million from its reserves. Delta College is unique in that we don't have any debt and build our reserves to fund projects.

There being no further business, the dinner meeting was adjourned at 7:05 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary