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**Delta College
Board of Trustees
Dinner Meeting
May 14, 2019
Delta College Main Campus Room N7**

Board Present: M. Benecke, A. Buckley, R. Emrich, S. Gannon, K. Lawrence-Webster, M. Nash, M. Rowley, M. Thomas

Board Absent: D. Middleton

Others Present: D. Allen, L. Baker, R. Battinkoff, L. Brown, T. Brown, W. Brown, J. Carroll, P. Clark, A. Cramer, M. Crammer, R. Curley, R. Curry, C. Curtis, S. DuFresne, J. Foco, P. Fox, J. Garn, J. Goodnow, L. Govitz, S. Lewless, C. McMath, D. McQuiston, M. Mosqueda, G. Przygocki, S. Raube, S. Roche, E. Roth, K. Schuler, A. Sovis, G. Teter, A. Ursuy

Press Present: J. Hall, WSGW

Board Vice Chair, M. Benecke called the meeting to order at 6:03 pm. She then turned the meeting over to Sarah DuFresne, Vice President of Business and Finance to present a budget update to the Board.

S. DuFresne started her presentation with an overview of the general “operating” fund. This fund is supported through a combination of revenue sources totaling \$68,018,266. Those include state appropriations (24.2%); tuition and fees (41.4%); local property taxes (32.6%); and other (1.8%). She also gave a brief history on community college state aid appropriations. Delta College’s state aid for 2018-2019 is \$15,104,300. State funding for Delta College has had small increases over the years with the exception of the drop from \$13.8 million in 2010-2011 to \$13.3 million in 2011-2012.

S. DuFresne noted that Delta College’s authorized millage rate for operations is 2.1000 mills. However due to a Headlee rollback we are not able to levy the full 2.1000 mills. The College levies 2.0427 mills on properties in Bay, Midland and Saginaw counties. The levy is broken down into two parts with 0.4864 being a voted millage which is due to expire in 2023 and 1.5563 which is perpetuity with no expiration. The properties in those counties in 2018 were valued at a net taxable valuation of \$11.078 billion. Delta College’s budgeted tax collection was approximately \$22.5 million.

Tuition and fees were approved by the Board for 2019-2020 back in March. The increase was 2.99%. Even with this increase to tuition, due to the loss of contact hours, the revenues from tuition are a net decrease of \$584,000 from 2018-2019. Delta remains below the state average for tuition and fees at \$133.67 with the state average being \$138.60 in 2018-2019.

S. DuFresne gave an overview on the enrollment history based on contact hours. Actual contact hours from 2017-2018 were 196,584. The estimated actual contact hours for 2018-2019 are 185,812, a loss of 10,722. The average contact hour loss per year is approximately 4.96% since 2013-2014. The 2019-2020 proposed budget has 173,500 contact hours as its assumption. Eighty-two percent of our student are in-district with 18% being out-of-district.

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The sources of expenditures for the general fund budget for 2018-2019 total \$68,983,547. They include salaries (44.2%); part-time wages (8.9%); fringe benefits (25.9%); supplies and services (16.2%); equipment and capital outlay (4.1%); and travel and professional development (0.7%). The largest expense is total compensation (salaries, wages and fringe benefits) totaling \$54,438,046.

Revenue budget assumptions currently are 173,500 budgeted contact hours and an increase to tuition and fees of 2.99% with a net decrease of \$584,801. Property taxes are estimated to increase by 1.5% or \$337,000 and state aid as well by 1.22% or \$183,899. Personal property tax to decrease by \$343,000. On the expenditure side there is an agreed upon compensation increase as well as an increase to minimum wage for salaries and wages. There is a 5% increase to health costs. The retirement expense average will be 23.95% and staffing levels are still being finalized.

S. DuFresne also shared the state funding proposals from the Governor, the Senate and the House. She then shared a history of compensation increases at Delta College for the past 10 years.

Using a five –year simple projection, using data before the employee severance plan, S. DuFresne showed what the budget may look like out to 2023-2024 and the needed reductions to balance the budget for each year.

The College has averaged around 15 retirements for the last 5 years. There are 57 employees who are participating in the employee severance plan. The total number of replacements is not yet completed. The projected total compensation cost for those employees taking the plan to the general fund total over \$6 million. The one-time severance cost is projected at \$3.6 million. Additional savings through reorganizations are also expected.

Next steps include preparing the 2019-2020 detailed budget based on recommendations from Academics, Student Services, Business and Finance and Executive Council with a balanced budget. S. DuFresne will continue to monitor any developments with the legislature in regards to funding. The public hearing on the proposed budget will be held as required by law. The tax millage rates will be prepared for Board approval as well. Finally, at the June Board Meeting the 2019-2020 proposed budget will be presented for approval by the Board.

There being no further business, the dinner meeting was adjourned at 6:52 pm.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary