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**Delta College
Board of Trustees
Dinner Meeting
June 11, 2019
Delta College Main Campus Room N7**

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

Board Absent: S. Gannon, K. Lawrence-Webster

Others Present: R. Battinkoff, N. Bovid, L. Brown, T. Brown, W. Brown, J. Carroll, P. Clark, E. Clement, A. Cramer, M. Crammer, R. Curley, R. Curry, C. Curtis, S. DuFresne, J. Foco, P. Fox, J. Garn, J. Goodnow, L. Govitz, A. Gradowski, C. McMath, D. McQuiston, J. Miller, M. Mosqueda, J. Mulders, G. Przygocki, S. Raube, E. Roth, K. Schuler, C. Thomas, A. Ursuy, B. Wesolek

Press Present: J. Hall, WSGW

Board Chair, D. Middleton called the meeting to order at 6:00 pm. She then turned the meeting over to Andrea Ursuy, Executive Director of Administrative Services and Institutional Effectiveness, to present the 2019-2023 Strategic Plan.

A. Ursuy began with an overview of the planning terminology used at Delta College including planning horizon, strategic focus areas, strategic initiatives, institutional action projects and indicators of success. She also shared the membership of the Strategic Planning and Institutional Effectiveness Steering Committee which includes faculty and staff from across the College.

The strategic plan is a collaborative effort which began when more than 1,700 members of the community participated in our environmental scan. The Board led the planning process with a visioning session back in March of this year. The Strategic Planning and Institutional Effectiveness Steering Committee worked collaboratively with Executive Council to bring the development of initiatives and action projects. Additional work continued over the past few months in order to finalize the draft.

A. Ursuy reviewed the College's mission, vision, and values which have not changed. She also reviewed the four focus areas have remained the same as Student Success, Community Focus, Sustainability, and People Focus.

The Board formalized a list of strategic challenges and strategic advantages. The challenges include:

- Competition - overcome the very aggressive marketing and recruitment strategies.
- Reinvigorate collaborative relationships between the Board, Administration, Faculty, Staff, and external groups.
- Work collaboratively to develop and deploy mutually beneficial offerings to students with nearby 4-year partners.
- Develop methods to mitigate the unstable student pipeline characterized by the lack of preparedness, recruitment uncertainties, and retention variability.
- Develop more meaningful methods to define, measure, and communicate student success.

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- Create a method to transition from our current fixed long-term expense approach to flexible long-term spending.

The advantages include:

- Delta's connection with diverse communities that provides leverage of one another's strengths and strong community partnerships with key organizations.
- Delta provides significant value to students and stakeholders through its location, small class size, relevant offerings, quality instruction, engaged faculty, and diversity, all at an affordable cost.

A. Ursuy shared with the Board the following strategic initiatives for each focus area and how they align with the strategic challenges and strategic advantages.

Student Success:

- 1.1 Increase student recruitment, retention, and completion to positively impact the traditional, adult, online, and dual enrolled students.
- 1.2 Implement a seamless student journey in alignment with each student's personal, professional, and academic goals.

Community Focus

- 2.1 Utilize Delta College's competitive advantage to strengthen our connection with the communities we serve.
- 2.2 Create mutually beneficial relationships with key educational institutions.
- 2.3 Leverage our career education expertise to increase awareness to meet the employer and workforce talent pipeline needs to sustain a strong vibrant region.

Sustainability

- 3.1 Conduct operations in an innovative and agile manner to provide opportunities for growth.
- 3.2 Refine the significant value added components that define Delta College.

People Focus

- 4.1 Strengthen collaborative relationships and an inclusive environment with the Board, Administration, Faculty, and Staff to develop additional avenues to increase teamwork.
- 4.2 Increase the diversity of the College.

She shared an example of one of the institutional action projects that is part of the initiatives in the community focus area.

Action Project 2.1-1: Develop branding strategies focused on the Downtown Centers, then pursue aggressive outreach initiatives for implementation.

Finally A. Ursuy discussed how the plan's success is measured. This is done incrementally through the success of completing institutional action projects and over the four year planning horizon through the monitoring and achievement of our indicators of success.

Board Chair, D. Middleton turned the meeting over to Sarah DuFresne, Vice President of Business and Finance, to present on the 2019-2020 budget. S. DuFresne began by thanking the membership of the Budget Cabinet which includes faculty and staff from across the College. She also thanked Diane

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Middleton who served as the Board representative on Budget Cabinet. S. DuFresne noted that total budgeted revenues for all funds of the College total more than \$112 million and total expenditures are \$119 million resulting in a net expenditure over revenue of \$6.7 million largely due to the plant fund.

In regard to revenue sources and in order to balance the budget, it was evident that other sources of new revenue and savings would be needed in addition to a tuition increase. The list of new revenue sources and savings total just over \$2 million and include items such as college-wide reduction in supplies and services budgets (\$105,000); increasing investment income (\$150,000); reduction in uncollectable student accounts (\$200,000); and a reduction in employee compensation as a result of the voluntary employee severance plan (\$1.4 million).

There is also a need for new strategic and operational funding. The list of new and on-going funding includes an increase in legal fees (\$75,000); an increase in funds for the operations (public safety, utilities, building maintenance and supplies) of the Saginaw Center (\$220,000); an additional amount transferred to the plant fund for future facilities projects for the new centers (\$400,000); and an additional reserve to the sustainability and innovation initiatives (\$625,000).

Initial projections without any changes to the current budget structure showed an unsustainable long-term model. Drastic cuts would need to be made in order to balance the budget. At that time the voluntary employee severance plan was offered with successful results. In total, 57 individuals from across the College took part in the plan. The projected total compensation cost of those individuals to the general fund are over \$6 million. The one-time cost for the plan is projected at \$3.8 million and is expected to be paid out of general fund savings during the 2019-2020 academic year. Gross savings as a result of the plan, reorganization, and non-replacements is estimated at \$2.6 million in 2019-2020. An additional \$500,000 in savings is anticipated in 2020-2021. There is an estimated \$3.1 million in savings over 2 years. Finally, the net savings after compensation increases is estimated at \$1.46 million in 2019-2020.

S. DuFresne then showed a five year projection with minimal changes to revenue and expenditures. If the College makes no changes, the budget will be balanced for the 2020-2021 year. However, there is a deficit for the years following. Future budgetary considerations for long-term sustainability include: strategic initiatives funding support/implementation; health insurance costs/plan options; compensation/contract agreements/negotiations; new programs; innovation to grow the College; enrollment and retention; future plant fund needs; legislative action impacting community college; millage renewal and others.

Total revenues for the general fund total \$68.9 million and expenditures are \$68.7 million leaving a net revenue over expenditure of \$172,000. Budget assumptions on the revenue side are similar to those previously presented last month. They include enrollment of 173,500 contact hours (decrease of 14,540 from 2018-2019); an increase in tuition of \$3.00/contact hour and a \$1.00 increase in the technology fee per contact hour; an increase in property taxes of 1.9%; an increase of 1.22% for base foundation plus performance funding in state aid; a \$427,000 decrease to personal property tax reimbursement; and an \$150,000 increase in investment income.

Budget assumptions on the expense side include a 2.2% increase on base only plus cost of steps, promotions, etc. for faculty; a 2.2% increase plus performance compensation for administrative professional staff and support staff; a 2.2 % increase on the base only for maintenance staff; no increases to adjunct pay; no increases budgeted for medical, dental, life or disability; a 1.32% increase

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for student wages because of the increase in minimum wage; a 26.75% rate for MPSERS from July to September and then a 27.67% for October to June; a 5% decrease when possible in supplies and services; and no increases to professional development and travel.

S. DuFresne reviewed the general fund expenditures by activity and object. She also gave a brief overview of the designated fund with revenues of \$7.3 million and expenditures of \$6.3 million with an ending balance of \$12 million. In the restricted fund total revenues are \$17.6 million and expenditures of \$17.9 million with an ending fund balance of \$3.7 million. In the auxiliary fund total revenues are \$5 million and expenditures are \$5.2 million. The expenditures are higher as some of the fund balance in auxiliaries is being used to purchase new equipment and for renovations. The ending fund balance is \$6.3 million. In the plant fund, total revenues are \$9.4 million and expenditures are \$16.7 million as we are using fund balance to fund large projects.

There being no further business, the dinner meeting was adjourned at 6:59 pm.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary