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**Delta College
Board of Trustees
Dinner Meeting
Virtually via Zoom (1-929-205-6099 Webinar ID 836 8462 9865)
Held virtually per Governor Whitmer's Executive Order 2020-75 (COVID-19)
May 12, 2020**

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

Board Absent: K. Lawrence-Webster

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

Press Present: K. Farley (Saginaw News)

Board Chair, D. Middleton called the meeting to order at 6:06 pm.

Board Chair Middleton provided the following guidance on how this meeting would run.

“Good evening,

This evening we will begin with our “dinner” informational meeting.

The Board is authorized to hold this virtual meeting with participation through the Zoom platform in compliance with the Michigan Open Meetings Act as modified by Governor Gretchen Whitmer's Executive Order 2020-75.

Sarah DuFresne, Vice President of Business and Finance, will be presenting a budget update.

For those joining us today, we want to ensure everyone can hear the board meeting. To minimize audio feedback, we ask all virtual participants NOT to use any speakerphone options.

For those of you who plan to join us for our 7:00 p.m. Regular Board Meeting, we will use the same link for this meeting as well.”

Board Chair, D. Middleton turned the meeting over to Sarah DuFresne, Vice President of Business and Finance to present the 2020-2021 Budget Update.

S. DuFresne noted that her presentation would be different than in past years due to the current pandemic and economic situation for the State of Michigan. With a significant amount of uncertainty moving forward, we must focus on serving and supporting our students; supporting our employees in various ways; and preparing for significant future challenges.

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The immediate focus in regards to budgeting includes the continuation of protecting our assets; being an educational support for our students and community; maintaining health and safety; and planning for the future. Flexibility will be required as we move forward as we still must produce a balanced budget. S. DuFresne indicated the Crisis Team meets daily to share, update, communicate, and continue to respond on all fronts related to Delta College. The team's main focus is to provide communication and transparency; navigate through scenarios; and accept that circumstances will change over time including barriers and challenges.

Due to the shutdown the State of Michigan has experienced a significant decline in revenues. The State Treasury indicates a \$1 to \$3 billion loss in tax revenue for 2020 and a further \$1 to \$4 billion loss next year. Michigan schools could see state funding cuts as high as 25%. S. DuFresne said that the College's focus is immediate and financial sustainability. She also noted that they are building several different budget scenarios to reflect the anticipated economic impact – moderate, severe and extreme.

S. DuFresne shared a slide showing the makeup of the State of Michigan total appropriations for 2019-2020 which is \$58.4 billion. It is comprised of the School Aid Fund (\$15.1 billion), the General Fund (\$10.4 billion), and the Federal and Other Restricted Funds (\$32.9 billion). For the 2019-2020 year, community colleges were funded 100% from the School Aid Fund. This fund's sources of revenue are made up of tax collections.

The State of Michigan is looking at a variety of options to offset the decline in revenue. This includes the federal stimulus package, the state's rainy day fund and the remaining revenues from 2019-2020 with spending cuts, hiring freezes and a halt in discretionary spending. These options do not fully offset the revenue decline.

Delta College's budget scenarios have been significantly modified since first being shared in March. On the revenue side, state funding reduction scenarios include moderate (10%) - \$1.5 million; severe (20%) - \$3.1 million; and extreme (25%) - \$3.9 million. Tuition and fees have their Board approved rate increase and the College has a projection of 164,000 contact hours. Property tax assumptions have a projected increase of 1.9%. There is also a 23% reduction in investment income due to the volatility of the market.

On the expenditure side, there is a scheduled salary increase for employees of 2.3% on base, plus steps, promotion, tenure and performance. This is the last year of the three-year faculty salary agreement. There is a minimum wage increase for student workers that takes effect in January of 2021 as well as an increase for adjunct faculty as previously approved by the Board. Fringe benefits account for an average rate of 32.22% on salaries/wages. In regards to supplies, services, and travel, there will be freezes on line items and roll backs. Capital projects will be assessed and any possible spending deferred.

S. DuFresne then shared with the Board the budget scenarios for the moderate (10%), severe (20%), and extreme (25%) potential state cuts. All three scenarios include identified savings/reductions of \$2,471,800. This results in a deficit for each scenario of \$1,017,192 (moderate), \$2,562,518 (severe) and \$3,335,180 (extreme). Building in a possibility of a salary/wage freeze would save \$958,300, lowering the deficit to \$58,892 (moderate), \$1,604,218 (severe) and \$2,376,880 (extreme).

There are several additional unknowns at this time including enrollment loss, additional spending for eLearning support, a possible increase in retirement expense, and a potential increase in health

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insurance premium. There are also implementation costs to our facilities to meet the needs for safety when we are able to return to campus. There is also the unknown of how a second wave of COVID-19 in Fall 2020 or Winter 2021 would impact the College.

S. DuFresne noted next steps that are being taken to prepare the budget. She noted that updates on the state budget, federal stimulus funding and the economy as a whole are changing daily. The executive administration has met and continues to do so with employee group leaders to share budget uncertainties and challenges. These employee group leaders have indicated they want to be part of the solution. There is a potential pay freeze for all employees to help cover the deficit as well as utilizing one-time 2019-2020 budget savings to create a reserve to fill revenue gaps. The College must consider how our decisions will impact our students and also track our COVID-19 expenses for possible reimbursement.

In regards to a multi-year budget perspective, the College will be moving from triage to stability. They will continue to monitor external financial threats and economic updates. We will also have to take into account any enrollment impact after COVID-19 and the health care and retirement costs to both employees and the College.

There being no further business, the dinner meeting was adjourned at 6:55 pm.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary