MINUTES OF THE INFORMATION SESSION OF THE BOARD OF TRUSTEES OF THE COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB

An open information session of the Board of Trustees of the Community College District of the County of Macomb was held Tuesday, December 18, 2012 at 6:00 p.m., in Room 125 of the Professional Development Center, University Center, Center Campus, 44575 Garfield Road, Clinton Township, Michigan.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Kelly at 6:31 p.m.

2.0 ROLL CALL

Present:	James F. Kelly, Chairperson Christine Bonkowski, Vice Chairperson Connie Bolanowski, Secretary Nancy Falcone, Treasurer Joseph DeSantis, Trustee Roseanne DiMaria, Trustee Frank Cusumano, Trustee
Absent:	None
Also present:	James Jacobs, President Elizabeth Argiri, Vice President for Business Jill M. Little, Vice President, Student Services Patricia Martz, Secretary to the President James Sawyer, Provost/Vice President, Learning Unit Casandra Ulbrich, Vice President for College Advancement and Community Relations Hunter L. Wendt, General Counsel Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by Bolanowski, supported by Bonkowski, to approve the agenda as presented.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

None

6.0 ISSUES AND UPDATES

6.1 Planning Considerations

Dr. Jacobs distributed his presentation on planning considerations. He reviewed the mission of the college and emphasized the significant role of the college in the community. He noted that Macomb is second lowest in cost in comparison to the other community colleges in Michigan, the third lowest with regard to millage rates, and seventh lowest for cost of attendance. Dr. Jacobs also reviewed the college's revenue sources and how that has changed in the last decade, noting the consistent decrease in state aid as well as the decline in property taxes. The revenue source from tuition and fees has risen and is now the principal source of revenue for the institution. He reviewed the significant cumulative revenue losses to the college as a result of the reduction in state aid and property taxes over the past ten years.

He further reviewed the budget cuts which have taken place since 2008, including $16 million dollars in reductions, the elimination of 35 full-time positions, and wage freezes which took effect in 2009. In addition, $9 million dollars for technology and renovations was eliminated from the budget in 2010-2011 due to a bond sale in 2011. All of these budget reductions resulted in significant savings to the college. Trustee DeSantis questioned the use of bond funds in attempting to balance the budget. Ms. Argiri noted that in late 2010, administration brought forth a recommendation to the Board to allow administration to sell bonds in 2011. It was presented that if the Board would allow the sale of bonds, the budget would then be reduced by $9 million dollars while utilizing the bonds to fund the renovation and technology needs for the next several years. This was approved by bond counsel.

Dr. Jacobs referred to the 2013 renovation program which has been downsized by 80%, stating that only critical renovations will take place. It is projected that the facilities and infrastructure priorities will total approximately $110 million over the next seven or eight years. He also reviewed the technology priorities. It was noted that the technology millage language allows the college to utilize technology funds to support technology at the college, so the $5 million dollar budget has been directed for the support of technology.

There are three potential options moving forward: (1) placing a bond proposal on the ballot in 2014 for renovations and technology. Dr. Jacobs noted that we need to consider that in 2020 the college's operating millage renewal will be on the ballot; (2) further budget reductions. He noted that this option would likely result in elimination of some programs and courses, a possible reduction in staff, and cutbacks in service. There was a discussion on issues with the contractual obligations with full and part-time union faculty if the elimination of programs should occur; (3) a tuition increase of 3 – 5% over the next five years. The college would still remain competitive with other institutions, and this multiyear approach would provide stability to plan for changes in programs. In addition to the tuition increase, a $5 per credit hour facility fee would be instituted. This would generate $3.8 million in annual revenue which would be directed to maintain the college facilities and meet the technology needs.

In summary, Dr. Jacobs reviewed the fiscal challenges facing the college. Trustee DeSantis requested three years of salary information starting in 2009. There was a discussion regarding upcoming contract negotiations and it was noted that the presentation addressed issues of revenue and not expenses. Trustee DeSantis inquired about the reserve fund. Ms. Argiri stated that part of the discussion tonight is that the reserves will provide some of the funding for facility needs, strategically using the reserves, and potentially borrowing monies as a way to manage and preserve the financial stability of the institution.

Dr. Jacobs referred to recent requests for information by Trustee DeSantis and Trustee Cusumano and distributed that information to all of the Trustees in response to their inquiries.

6.2 Revised 2012/2013 General Fund Budget

Ms. Argiri reviewed the enrollment figures and projections. She then referred to the pie chart of revenue sources and indicated that she does not anticipate any changes to those figures in the foreseeable future. She further reviewed the overall summary of changes in revenues and expenditures. It is anticipated that revenues will exceed expenditures by $2.2 million dollars, although there are wild cards that could change that. She further explained the changes in revenue, including state aid, tuition and fees, property taxes and other modest changes. She stated that administration was able to achieve $1 million dollars in reductions in their respective units. She also noted the change in the MPSERS employer contribution from 27.3% to 24.6%. Ms. Argiri explained that the bad debt expense is due to the increase in Federal Pell Grants.

Ms. Little reviewed the accomplishments relating to emergency preparedness at the college since 2009.

7.0 EXECUTIVE SESSION

It was determined there was no need to hold an executive session.

8.0 ADJOURNMENT

MOTION by Falcone, supported by Bonkowski, to adjourn the meeting.

Motion carried.

The meeting adjourned at 8:16 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB
BOARD OF TRUSTEES

Secretary