

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, January 20, 2015 in Room K307 of the John Lewis Student Community Center, South Campus, 14500 Twelve Mile Road, Warren, Michigan, pursuant to notice.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Kelly at 6:42 p.m.

2.0 ROLL CALL

Present: James F. Kelly, Chairperson  
Christine Bonkowski, Vice Chairperson  
Jennifer Haase, Secretary  
Roseanne DiMaria, Treasurer  
Frank Cusumano, Trustee  
Joseph DeSantis, Trustee  
Vincent Viviano, Trustee

Absent: None

Also present: James Jacobs, President  
Elizabeth Argiri, Vice President, Business  
Jill M. Little, Vice President, Student Services  
Patricia Martz, Secretary to the President  
Gerri Lynn Pavone, Executive Director,  
Research and Planning  
James Sawyer, Provost/Senior Vice President, Learning Unit  
Casandra Ulbrich, Vice President, College Advancement  
and Community Relations  
Hunter L. Wendt, General Counsel/Executive  
Director, College Police  
Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by DiMaria, 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

Dr. Jacobs distributed an article which appeared in the Macomb Daily on January 17<sup>th</sup> regarding the resurgence in apprenticeships in Macomb County which highlights Macomb Community College's role relating to apprenticeships.

6.1 Martin Luther King Day Update

Over 400 students and staff participated in volunteer activities throughout the community on Martin Luther King Day on January 19<sup>th</sup>. Since the college began the Martin Luther King Day activities in 2011, a total of 27,000 hours has been devoted to volunteer services in the community by students and staff. The college also participated in an event that evening sponsored by the Interfaith Center for Racial Justice which was attended by approximately 1,000 people, including Trustees DeSantis and Cusumano.

6.2 Financial Overview

Dr. Jacobs stated that each spring the administration presents a proposal regarding the matter of tuition and Ms. Argiri will provide a financial overview on the college's economic position to begin that discussion. He reminded the Trustees that much of what will be presented this evening was reviewed with them at the new trustee orientation on January 6<sup>th</sup>.

Ms. Argiri referred to two surveys by the Michigan Community College Business Officers Association (MCCBOA), one which helps compare cost of attendance for incoming freshmen for the first year to show how costs compare with other community colleges. The second survey helps compare tuition rates among Macomb's peer institutions as well as fees. She then reviewed significant changes in the college's funding sources going back to 2001, stating that as state aid and property tax revenues have declined, tuition and fees have grown for the college's annual support. She reviewed Macomb's in-district tuition rates in comparison to four different peer groups ranging from small to large colleges. She noted that Macomb's in-district tuition rate is \$91.50 per credit hour, while Lansing's tuition rate is \$85.00 and Oakland's is \$82.00. The state average is \$110.05. She also noted that overall, Macomb has always been a lower fee college. Trustee DeSantis inquired if the fees that Macomb charges are per credit hour and whether they are comparable with other community colleges. Ms. Argiri responded that for Macomb, the facility and technology fees are charged per credit hour and are comparable with other community colleges. Many colleges are also charging on a contact hour basis, but Macomb still charges on a credit hour basis, noting that charging by contact hour results in higher fees.

Macomb is 25% of the cost of public university tuition and ranks 5<sup>th</sup> lowest in the state in cost of attendance and 16% lower than the state average. Ms. Argiri stated that Pell grants have stabilized over the past four years with respect to overall trends and noted that 71% of Macomb's students receive some level of Pell grants. Pell as a percentage of overall tuition was 52% in 2013/2014, which is important for the students in terms of affordability and important for the college in supporting its main revenue source. Trustee Cusumano inquired as to whether Pell is a loan program which students must pay back. Ms. Argiri responded that it is a federal program which does not need to be paid back unless a student changes their enrollment status, falls below a certain level of credits or does not maintain satisfactory academic progress. Also, dropping from full-time to part-time status could change the award which could also result in a student having to repay some of the award. She noted that twelve credits per semester is considered full-time status. In 2005 Pell was just over \$5 million dollars and in 2014, \$29 million dollars, a significant increase.

Ms. Argiri noted that the other important revenue source that the college relies upon is property taxes and in 2015 the college will receive \$11 million dollars less than it did in 2008. Cumulative losses since 2008, including inflation, are \$53 million dollars. Macomb has the third lowest millage rate as compared to its peers. The current debt millage rate is 1.5712 which will be further reduced when the bonds are fully repaid in two years. The state average is 2.4533 and the state high is 3.8072. Macomb's property tax levy is 56% lower than the state average. Trustee DeSantis stated that with the changing demographics in Macomb County, the college may want to consider the possibility of trying to get a millage in perpetuity passed to override the millage renewal in 2020. Dr. Jacobs and Ms. Argiri both responded that it is an option and something to consider.

Fiscal Year Equated Students (FYES) is defined as total credit hours divided by 31 credit hours per academic year. Macomb's FYES is 15,745 compared to Oakland which is 18,345 and Lansing which is 12,124. The state total is 154,118. Dr. Jacobs pointed out that even though the population in Macomb County is 840,000 compared to the population of Oakland County of almost 1.3 million, Macomb has only 3,000 less full-time equated students than Oakland.

In regard to state appropriations in 2015, the college will receive \$1.8 million dollars less on an annual basis than it did in 2002. Cumulative losses since 2002, including inflation, are \$41 million dollars. Ms. Argiri stated that due to the recent reports by the state that revenue projections are down as well as a loss in the general fund revenue, it is likely there will be no increase in state aid. She noted that Macomb's state appropriations per FYES are less than the state average. Macomb has the lowest operating expenses per FYES in the state and the second lowest salaries and benefits per FYES. Ms. Argiri stated that the college continues to progress while dealing with the declining revenue support and still maintains a very good cost structure for the community.

Ms. Argiri stated that included in this financial overview presentation is the tuition philosophy adopted in January 2013, which, at resolution, included the recommendation by administration to the Board that for long-term planning, we would be considering a 3-5% annual tuition increase. Trustee Cusumano stated that in looking back at the board material from that time, he did not see where the Board had approved annual increases. Ms. Argiri clarified that the resolution did not have this language, but it was in the write-up itself. There was also a discussion at that meeting that the administration would be looking at a 3-5% increase each year. Ms. Argiri further stated that for discussion at this evening's meeting, the administration is recommending a less than a 3% increase of 2.73% or \$2.50 per credit hour. That would put the in-district tuition rate at \$94 per credit hour, which is less than the state average. Ms. Argiri further added that the college is currently 17% below the state average and that she would expect that to continue.

As far as additional tuition considerations, Macomb's out-of-district rate is currently \$140 per credit hour which is 19% below the state average. The out-of-state rate is \$181 per credit hour which is 21% below the state average. Macomb's out-of-district rate is currently 48.5% higher than the in-district rate and the out-of-state rate is currently 89.5% higher than the in-district. In comparison to Oakland, Lansing, Henry Ford, and St. Clair Community Colleges, those are much higher percentages than Macomb's. She suggested that this is something for the Board to consider and explore in terms of realigning Macomb's out-of-district and out-of-state rates to be more in line with some of its peer institutions. She noted that it would not lead to significant tuition revenue since 86% of Macomb's students are in-district, but it would help support operational costs, especially for students who do not pay property taxes. Dr. Jacobs stated that out-of-district rates should be based on the fact that these students do not pay property tax in Macomb County. He also noted that with Pell, many Macomb students pay no tuition, regardless of in-district or out-of-district rates, so the college would likely not experience a loss in enrollment. Ms. Argiri stated that the Board traditionally votes on tuition in March or April.

Trustee Cusumano inquired whether there will be an increase in expenses going into the next year and if so, what the projections are. Ms. Argiri responded that she is working on projecting those figures. Trustee Cusumano inquired as to the amount of revenue a 2.73% increase would bring to the college, noting the decline in headcount and credit hours. Ms. Argiri responded that the five-year Capital Outlay plan, which can be found on the college's website, includes an analysis by the college's institutional research department looking at trends for future years which indicated a 1.3% decline in credit hours over the next few years. Trustee Cusumano asked to be provided with that data indicating that he does not believe it is consistent with the historical pattern or trend up to this point. Ms. Argiri stated that the college enrollment peaked in 2010 and has declined slightly since. Dr. Jacobs stated that the main variable is high school graduating classes in Macomb County. He stated that approximately one-third of the Macomb County high school graduates choose to attend Macomb and that graduating class is declining at this point. He stated that the general trend in the state is for a more significant decline. Trustee Cusumano inquired about the decline in enrollment and FYES from last year to this year. Ms. Argiri responded that in fall 2014,

compared to fall 2013, Macomb was down 1.5% in credit hours. The budget recommendation in December for a projected decline of 3% continued for the winter semester and is currently below the 3% projected, with registration for late start classes still continuing. Based on a 1.3% credit hour decline annually and the 2.73% increase in tuition rates, Ms. Argiri stated that she is projecting a \$700,000 net increase in revenue. Dr. Jacobs stated that this discussion will continue at the February board meeting and asked the Trustees to forward any thoughts or questions to him in anticipation of that discussion.

### 6.3 President Obama Initiative

Dr. Jacobs discussed President Obama's recent announcement regarding his proposal for free tuition for two years at a community college. Dr. Jacobs stated the reasoning behind the proposal is that most sustainable wage jobs require some form of higher education. He further stated that this initiative is designed to undercut the amount of Pell grants that would go to proprietary institutions. Dr. Jacobs also noted that completing the FAFSA form to apply for financial aid often dissuades people from enrolling and attending college. If this proposal does get approved, it could also encourage older working adults to register for college.

Dr. Jacobs also pointed out that there is a Michigan connection to this proposal which is based on the Kalamazoo Promise where a scholarship was established approximately ten years ago through a donor which provided every student who graduated from high school in Kalamazoo the opportunity to receive free tuition to attend college. This not only increased the amount of students who attended college in that city, but it increased the population in Kalamazoo. The Kalamazoo Promise since then has been replicated in other cities. There is some skepticism about this proposal, but it has brought much attention to community colleges. He stated that more details will be learned after the President's State of the Union address this evening.

A video was shown to the Trustees in which two Bloomberg Business reporters interviewed the President of LaGuardia Community College entitled "Free Community College: Pathway to a Valuable Education" in connection with President Obama's proposal.

## 7.0 EXECUTIVE SESSION

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

8.0 ADJOURNMENT

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

The meeting adjourned at 7:57 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB  
BOARD OF TRUSTEES

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Secretary