

APPROVED 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 20, 2016 at 6:00 p.m., in Room 109, Professional Development Center, Center Campus, 44575 Garfield Road, Clinton Township, Michigan.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Kelly at 6:26 p.m.

2.0 ROLL CALL

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

Absent: None.

Also present: James Jacobs, President
Elizabeth Argiri, Vice President for Business
Sharon Kowal, Executive Administrative Assistant to the President
Gerri Lynn Pavone, Executive Director, Research and Planning
James Sawyer, Provost/Senior Vice President, Learning Unit
Jill Thomas-Little, Vice President, Student Services
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 Viviano, to approve the agenda as presented.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None. Happy Holidays was shared.

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

Ms. Williams, Vice President, Human Resources requested an additional agenda item be added to the regular meeting agenda. She stated that part of the MCCFO contract allows faculty to request a mutual consent leave, an unpaid leave with no benefits. A faculty member has requested a one semester leave for the winter semester.

Trustee Kelly stated to add that item to the agenda as Item 6.2 for discussion and to the regular meeting agenda as Item 8.2 for a vote.

MOTION by Haase, supported by DiMaria to amend the information session agenda to add Item 6.2 Mutual Consent Leave of Absence.

ALL IN FAVOR:

Ayes: Haase, DiMaria, Cusumano, DeSantis, Lucido, Viviano, Kelly

Nays: None.

Absent: None.

Motion carried.

6.0 ISSUES AND UPDATES

Dr. Jacobs stated that all of the Board's regular meetings will be held the third Wednesday of the month starting on January 18. The new Board members will be sworn-in prior to that meeting. The February 15th meeting will be held at East Campus. The meeting is being held there for a demonstration of recently purchased equipment for the Police Academy. The demonstration will be held at 5:00 p.m. and the information session and regular meetings will immediately follow.

Dr. Jacobs stated that the College received the formal letter from the Higher Learning Commission giving Macomb a ten-year accreditation with a clean record. Thank you to Dr. Jim Sawyer and Ms. Gerri Pavone for leading this effort and obtaining the best outcome to be expected.

Dr. Jacobs stated the College played a small role in the one-day recount of the election returns in Macomb County. The Clerk's Office reached out to the College to accommodate them in the Expo Center. According to what Carmella Sabaugh and others involved in the recount were saying they were very happy to locate the space at the College. Something like this fits the mission of the College in terms of community service.

Dr. Jacobs stated that graduation went very well and thanked Trustee DeSantis and Cusumano for participating.

6.1 2016-2017 Revised Budget

Ms. Argiri, Vice President, Business stated the revised 2016/2017 general fund budget is in the Board packet, Agenda Item 7.3 and she will provide a summary of the major changes that occurred in this budget.

- Tuition and fees revenue increased \$520,000 because fall enrollment turned out to be one percent better than was projected. Even at three percent of a decline versus the four percent that was projected, the College remains conservative and will continue with the four percent projection for the winter semester.
- Property tax revenue has a decrease of \$610,000 due to a loss of personal property taxes. She believes in 2012, legislation was passed that phased in the removal of personal property taxes from the K-12 and community college's tax base -- that removal hit the College this year.
 - o In addition to the personal property taxes, the College was subject to a millage fraction reduction -- which means property values increased greater than the rate of inflation - so the College's levy rate was rolled back and decreased to .0038 resulting in reduced revenue of 1.4174. The legislation on the personal property tax does provide for a potential reimbursement for the lost property taxes, but because community colleges are categorized on the lowest tier or considered non-essential services, reimbursement is uncertain. There is no projection in the budget, going forward, of any type of reimbursement. You will be informed if one is received and it will be reflected in financial audit as well.
- State aid shows a reduction of the net effectively from two things: the College's state aid actually increased by \$442,000 or 1.3 percent, but the increase is offset by the reversal of the MSPERS unfunded actuarial accrued liability or the UAAL funding.
 - o A few years ago it was decided to actually show the pass through as incoming revenue and outgoing expense, but during the financial audit this year it was decided it would be best to separate that activity because there were year-end adjustments that were skewing the operation results of the general fund. To be consistent with what was done on the audit, the UAAL will be out of the general fund budget. It was just a pass through so it shows as an increase in revenue and an increase in expense and the same effect shows on the expenditures as well.
- Wages and benefits shows a large decrease of \$3.9 million, but most of that is due to the MSPERS UAAL funding and is partially offset by two primary factors:
 - 1) increase in healthcare projections for recognizing the changes and full-time staff electing the College's insurance plan
 - 2) two new staff positions were also factored into the budget -- funding was found from other places in the budget, so it is not a true increase overall, but it is an increase in the wage and benefit category.
- The Reading and Writing Studios budget was also factored into the budget. They were initially piloted using strategic funding but based upon the success of the Studios, Administration decided it was time to incorporate them and recognize the operations in the general fund budget.
- With all of the revisions, the results are about \$135.5 million in revenue and \$135.4 million in expenditures -- resulting in a balanced budget.

Dr. Jacobs stated that the College is very proud of the Writing Center and by moving it to the general fund it will now become a permanent part of the institution.

Trustee Cusumano asked how many students are availing themselves of the Reading and Writing Studios. Dr. Sawyer stated that last year there were approximately 5,000 appointments and approximately 1,400 students (many students come in multiple times). They are expecting the same amount of appointments, which includes walk-ins, this year as well.

Trustee Cusumano asked how much money was shifted from the general fund. Ms. Argiri said \$400,000, which is primarily staffing costs, and was approximately the same level used in the strategic fund. Trustee Cusumano asked about staffing. Dr. Sawyer said there is a director who oversees operations at both campuses and a manager at each campus and many consultants – who are part-time staff. Trustee Cusumano asked if there was a single vendor for the consultants or are they hired on ad hoc? Dr. Sawyer said they are ad hoc and are Macomb employees. Dr. Jacobs said the director could be invited to a meeting for a more thorough overview.

Dr. Jacobs added there have been positive spinoffs from the Studios including a mentoring program originally started for African-American male students which is now extended to all students. Trustee Cusumano reiterated that these consultants, employees of the College, are acting as mentors in somewhat acclimating these students toward success models. Dr. Jacobs said especially for first generation students where no one else has gone to college, these students often need a little more guidance in person.

6.2 Mutual Consent Leave of Absence

Ms. Williams, Vice President, Human Resources, stated under the MCCFO contract full-time faculty have the ability to request an unpaid leave of absence with consent of the Administration and approval of the Board. Trustee Viviano asked how long a leave could be. Ms. Williams said in this case, one semester, but up to one full academic year can be taken. The Leave has been discussed in the area that this faculty member teaches and they are prepared to make the accommodation. The agenda item asks the Board to approve the Leave. Trustee Cusumano asked if benefits are continued. Ms. Williams said salary and benefits are stopped. There is no liability on the College beyond preserving the ability for the full-time faculty member to return to teaching in the fall semester.

7.0 EXECUTIVE SESSION

Trustee Kelly stated there is no need to go into executive session.

Detroit Promise

Dr. Jacobs stated the College is involved in the Detroit Promise – a program sponsored by the Detroit Regional Chamber of Commerce that allows City of Detroit high school graduates free tuition at a community college of their choice. Participating colleges include Macomb, Wayne, Henry Ford, Schoolcraft and Oakland. The students register at the College but the tuition is paid by the Chamber. The program has been in existence for three years and is highly touted by the Governor. It is also being studied on a national level by a group out of New York called MDRC and, as a result of that, Macomb has a “coach” assigned here who is also paid by the Chamber and helps students who are in the program.

The issue is the Chamber is behind on its tuition payment to Macomb. Board policy dictates that if students don't pay their tuition by a certain date they are dropped from the class. The Chamber has asked the College to waive deregistration. They are waiting on a grant and expect to make payment to the College in mid-February. The amount of money owed is currently \$32,000 for Fall, 2016. Dr. Jacobs stated he is in favor of not deregistering.

Mr. Wendt said the Chamber has already over \$90,000 booked for winter – will they be able to pay that bill as well. . He said Administration does not want to take these kids out of school but Board policy also has to be followed and that says they need to be deregged if they don't pay. The Administration is bringing this issue to the Board asking for clarity on what should be done.

Trustee Haase how would the policy have to be modified? Dr. Jacobs said, it is an exemption, just this one time.

Trustee Kelly stated that he thinks they are good for it – the governor touted the program, the mayor has made much about it. He doesn't think they are going to abandon the program. He thinks they were counting on money from various foundations to help finance and that is probably where the glitch is.

Mr. Wendt stated the reason to bring this to the Board's attention is because Administration doesn't want to come back later and tell the Board the College lost \$120,000 worth of tuition. The Board will want to know what happened and Administration will have to say these students weren't deregistered because they didn't pay because someone else promised to pay. So Administration is coming to the Board to ask if you are going to waive the policy for Detroit Promise.

Trustee Cusumano stated that policy exists for a reason –a policy isn't cancelled unless there is a very good reason. He suggests that the Foundation step-up, and consistent with its educational mission, cover the tuition costs with the indebtedness to the Foundation instead of the College District. This is an issue of some students, who don't pay, get deregistered, but this segment of other students doesn't. He doesn't think that is a good message to send. There is the ability, to use the Foundation, as a conduit, to continue the program and the justification has already been outlined.

Trustee Kelly stated he didn't think the Foundation bylaws would allow that because that kind of indebtedness may not be permissible. Dr. Ulbrich stated that if scholarship funds are used then that money will be diverted from other students and go to these students. The Foundation would then have to backfill those scholarship funds which she doesn't think would be appropriate. Ms. Argiri added that she didn't think the Foundation could violate the donor's intent. A lot of scholarships funds are set up with donor intent and certain criteria for which the students are eligible so technically the funds cannot be awarded unless the criteria is met.

Ms. Argiri stated the Administration is going to continue to try to collect from the Chamber. It becomes an issue if they do not pay. The Administration does not have the authorization to extend credit to anyone. If extending the payment due date out with the request that they will pay and, if they don't pay, then other options can be explored. But with the way the Foundation is structured right now she doesn't think there are the funds to cover this program.

Trustee Kelly said he thinks if this were John Q. Public and they had the Governor and Mayor standing next to him saying yes they are paying for them then we should consider this.

Trustee Cusumano asked how the communication occurred. Dr. Jacobs said he received a phone call this morning. The Chamber said they couldn't pay by January 3 and needed until mid-February. At this time there is no formal agreement.

Trustee Cusumano stated what is to stop the Board from making the same decision again and at that point they owe more money and don't pay in the future. There have been no guarantees. There is a policy that exists and the Board should really give pause before exercising carve-outs for certain persons and not others.

Trustee Cusumano asked Ms. Argiri if there are resources in the Foundation that are not prescribed or outlined for specific uses. Ms. Argiri responded that in 2008 there was a transfer over to the quasi-endowment fund and those represent institutional funds and are geared towards, for example, the Macomb Center for Performing Arts and Teaching and Learning. She would have to research it but the truly only unrestricted funds might be the Fund For the Future.

Trustee DeSantis stated that he is going to rely on the Treasurer. We have a Board Treasurer and he is assuming that she has been consulted on this item, but if she wasn't, he will still rely on her knowledge. Whatever way she goes he is willing to vote that way.

Trustee Cusumano asked if they would receive a report at the February meeting. Dr. Jacobs said yes and that he would tell the Chamber that this was a very tough decision and the Board is concerned.

Trustee DiMaria asked what is known about the grant the money is coming from. Dr. Jacobs said the grant is coming from the Skillman Foundation – this is not a high risk and this is in their interest not to fail.

Trustee Haase stated that if this approved she would like them to know that the Board is not really keen about this whole scenario. They really need to look at their planning.

Trustee Cusumano asked if there is an agreement in writing between Detroit Promise and the College where the College would have recourse against the Chamber of Commerce in the event they don't pay. Dr. Jacobs responded yes. Trustee Cusumano said then the only issue is whether or not to deregister students when the payment isn't posted by the due date. Would the Chamber be willing to put together a more formal letter in writing explaining the circumstances so the Board has something on file which memorializes exactly what is occurring and the reasons why the Board is making the decisions they are making. Dr. Jacobs stated he would contact the Chamber and request that letter as soon as possible.

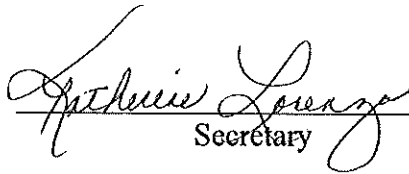
Trustee DiMaria stated that she would definitely give them until mid-February to make payment.

8.0 ADJOURNMENT

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

The meeting adjourned at 7:20 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB
BOARD OF TRUSTEES


Secretary