

APPROVED PROPOSED MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
OF THE COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB

A Special Meeting of the Board of Trustees of the Community College District of the County of Macomb was held Wednesday, March 22 at 6:00 p.m., in Room 109, Professional Development Center, University Center, Center Campus, 44575 Garfield Road, Clinton Township, Michigan discussing long-term planning; budget and tuition.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Haase at 6:05 p.m.

2.0 ROLL CALL

Present: Jennifer Haase, Chairperson
Frank Cusumano, Vice Chairperson
Katherine Lorenzo, Secretary
Kristi Dean, Trustee
Joseph DeSantis, Trustee, arrived at 6:15 p.m.
Vincent Viviano, Trustee

Absent: Roseanne DiMaria, Treasurer

Also present: James Jacobs, President
Elizabeth Argiri, Vice President, Business
Sharon Kowal, Executive Administrative Assistant to the President
Jill Thomas-Little, Vice President, Student Services
Gerri Lynn Pavone, Executive Director, Research and Planning
James Sawyer, Provost/Senior Vice President, Learning Unit
Casandra Ulbrich, Vice President, College Advancement & Community

Relations

Hunter L. Wendt, General Counsel/Executive Director, College Police
Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by Lorenzo, supported by Viviano, to approve the agenda as presented.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION

Dr. Jacobs stated that on Monday, March 20 was the Veteran's and Military Open House. It was a very moving and nice event. Attendance was good. Trustees Lorenzo and Haase attended as well.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Dr. Jacobs said for the past two weeks there have been 23 technical teachers from a Chinese university on campus. They were taught a special course in advanced automotive technologies. The final lunch was held yesterday (March 21) and Trustee Dean attended.

Dr. Jacobs stated that the women's and men's basketball teams are playing today in the NJCAA tournament. Tuesday the women's team lost their first game but play again today. Ms. Thomas-Little stated the women lost but one of our students scored 41 points. The men play tonight against a team to be determined at Danville Community College.

To begin the presentation, Dr. Jacobs said that the Board, is elected by the community, knows the value of the College to community and that we do good work. The Board also knows that the community has gone through some really tough times. So it is legitimate to have a couple of questions:

- 1) Is this tuition increase warranted?
- 2) Every year we ask for a tuition increase – when does this end?

Dr. Jacobs said when asking the question, when is it going to end – look at state aid; it has yet to return to the amount provided to the College fifteen years ago. More importantly, Michigan ranks 43rd for post-secondary funding. That shows there has not been, for almost two decades, a consistent view that post-secondary education matters to the State. Even now the Governor's budget has no increase for community colleges. This may change but if so it probably won't be until June at the earliest and we need to establish a budget before then.

Dr. Jacobs said, Macomb's other key source of income is property taxes. Even though property values have increased, because of the Headlee amendment and other activities in the county, we are still below the amount of property taxes we received in 2004. The sum total loss of 21 percent of revenue or \$9 million since 2008 is substantial. Our actual millage rate, the third lowest in the state has declined. The traditional assumption that a community college in a Midwest state receives revenues one-third from the state, one-third from property tax and one-third from tuition is no longer true. We have addressed this issue over the years.

Dr. Jacobs continued and said that our historical approach to this has been to reallocate and reduce our functions and our activities. Last year's budget reduction was spread over different areas of the college and was about \$1.1 million. He emphasized that we focused on the areas we think we can really save money. We also want to preserve our strategic objectives of student success as much as we can. So one of the areas we have concentrated on is reducing the number of NBU administrators. Starting in 2009 you can see that \$1.8 million dollars have been reduced out of the budget simply by flattening the organization.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Dr. Jacobs also pointed out that only two other community colleges in Michigan that have multiple sites; OCC and WCCCD. Both have five campuses. The difference is Macomb has seven positions at senior level, OCC has thirteen and WCCCD has sixteen.

Dr. Jacobs stated that we have responded in ways that have not eliminated the services and strategic mission of the institution. In fact, we're saving money by the elimination of some of these positions and reducing the budget and eliminating some of the excesses by reestablishing and redeveloping our activities to focus on student success.

Ms. Argiri continued the presentation by stating that even with the budget cuts through the years and the realignment of our resources and reallocation to support student success initiatives, Macomb continues to be the lowest cost provider of community college education in the state.

Ms. Argiri, said as we began planning budget projections for the coming year, we looked at enrollment trends. Credit enrollment has declined, due to declining high school enrollment, less credit hours taken and reduced adult learners. Non-credit has increased to offset some of that decline and some has been through our workforce training programs. Even with fluctuations in enrollment there are certain operational expenses the College needs to maintain such as accounts payable, purchasing and the grounds crew regardless of the number of students that we are serving.

Ms. Argiri stated the budget projections for 2017/2018 (includes the \$3 tuition increase and a three percent decline in credit hours) has us breaking even which provides a little increase of about \$180,000. We have not incorporated any change for state aid because at this point the Governor has recommended no increase. The Senate has recommended a possible 2.5 percent increase but there are also reports from the House not to plan on a budget before June. We are budgeting property taxes and other revenue to be held flat.

Ms. Argiri stated that in terms of expenditures there is an early estimate of about \$1.5 million increase on a \$70 million budget of wages and for MPERS a 2.3 percent increase in employer contribution rate this year that adds \$650,000 to the budget. To help offset some of these costs we are doing something called the Vacancy Calculation Savings. Vacancy Calculation Savings means factoring in a proration for the expectation for the vacant positions that are in the budget to not be filled for the entire year. Traditionally, when we have any positions we budget for the entire year regardless if the position has been filled. We are prorating Vacancy Calculation Saving and also the committed budget reduction at this time of a little over a \$1 million dollars. We are looking to repurpose some of those funds - about \$200,000 for student success initiatives.

Ms. Argiri said if we look at comparing Macomb's tuition rates to our peer group, the in-district rate we are charging is \$97 per credit hour; Lansing is at \$99 and OCC is at \$88 and the state average is \$121.33. Macomb's cost is actually 27 percent of the cost of a public university. Macomb's competition in this area is the public universities and by comparison Wayne State is at \$360, Oakland University \$399, Eastern \$323 and CMU \$405.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Ms. Argiri said we have shared, at previous Board meetings, that there is a lack of a relationship between enrollment and tuition. By comparison, OCC with the lowest tuition rate, has had the steepest declines. One might say if you raise tuition by \$1 or \$2 you are going to impact your enrollment. From OCC's perspective they still have the lowest community college tuition rate in the state and yet they have had significant enrollment declines. It is the same for Lansing. However, at Alpena and Jackson, their tuition rate is above \$138 and their enrollment trends continue to increase.

Ms. Argiri said during the 2012 Bond failure it was clear that we had community support but we needed to find another way to raise funds. In 2013, Administration came to the Board with the recommendation to utilize a longer term planning perspective with an annual tuition increase in the range of 3 to 5 percent. The College has been on the lower end of that range over the last five years.

Dr. Sawyer continued the presentation saying we are looking for a \$3 tuition increase in-district. We started the pattern a couple years ago where we also raised the out of district and out of state at a little higher rate. If you recall, we talked about creating a differential in recognition of the support we are receiving from the community in terms of their taxes, hence the lower tuition rate. As we talk about tuition we realize this is a major impact for students and that is not something we take lightly.

Dr. Sawyer said we want to keep the increases as modest as we can. The State does a survey that shows comparisons of a typical term. In this case, we take an English, Math, Science and Psychology class with the tuition and fees and then compare it around the state to see where the costs are for our students. In our case we are at \$1,700 which is the 4th lowest in the state. In our peer group, OCC is \$1,400 and Lansing is \$1,900. We are more than \$2,000 below the state average and quite a bit below the max. We are cognizant of the impact on students that is why we want to keep this at a minimum.

Dr. Sawyer asked rhetorically what the \$3 increase would mean to a student. A student going full-time taking 15 credits would have a cost increase \$45 each term. A full-time student at 12 credit hours would be at \$36. Two-thirds of our students are part-time. If we look at the overall student body by the number of credit hours, a little bit over 8 credit hours in a given term, the real impact in dollars for those students is \$24 a term.

Dr. Sawyer then discussed asked how the increase would impact financial aid. Twenty-nine percent of Macomb students are on Pell grants. Even with the increase, the Pell award levels that are expected, part-time or full-time, fall well below the thresholds for Pell. Students will still be able to pay for tuition, fees and books with the Pell grants they receive. Therefore the impact is negligible.

Trustee Cusumano asked what the number of credits an average student takes is. Dr. Sawyer said the last number was about 8.3 but that varies a little bit.

Dr. Sawyer asked what the \$3 means to the College. It means an additional revenue of \$1.3 million. He said we have already demonstrated the cuts we needed to put forth initially. We have talked about the historical cuts and we take them very seriously. It is important to note that if we

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

are unable to achieve the \$3 there will have to be more significant cuts and we are concerned that will start to have an impact on students.

Dr. Sawyer said in talking about our long-term planning options we continue to look at reduced funding and support from the state and modest increases from property taxes due to the Headlee amendment, it is likely we will continue to have a situation where we are looking at annual increases. But again our goal is to keep them as modest as possible. We will continue to address expenses.

Dr. Sawyer said, one of the options for long-term planning is tuition discounting. This has been discussed in very conceptual terms. Tuition discounting provides the incentive for students to take an additional class, and the College would give them a discount on their last course of 20 percent. It is very risky because you do that with the prospect of giving this discount with the expectation of getting more credit hours in return. That is unproven.

Dr. Sawyer stated another option is charging a differential tuition. In other words charge by contact hour instead of credit hour like we currently do. This has been talked about conceptually but the issue with differential tuition is that we don't want the cost of a program to dictate the program a student might select. It can be considered as long as we know there are consequences if we go down that path.

Dr. Sawyer said the millage renewal is coming up in 2020. The opinion of the President's Council is to seek a renewal not an increase. But that is a decision for the Board to make. If the Board chooses to try to raise the millage rate that's certainly your decision and it would generate more revenue. We would need to weigh into the support from the community because there are potential consequences for that.

Trustee Cusumano asked if there was any polling done regarding a support for a renewal and the different levels of support. Dr. Ulbrich, Vice President, College Advancement and Community Relations said we had three focus groups and a survey. We found that there is overall support for a millage renewal but when you have to put it in terms of an increase the support goes down. The language that would have to be used even to return to the original millage rate, before the Headlee rollback, would still have to say it is an increase. It does have an impact on the likelihood of success.

Dr. Sawyer said another opportunity to increase revenue is continuing to be assertive with grants. They have been very helpful particularly on the workforce development side. We have made great use of those funds to train thousands of residents and put them back to work. We will also continue to pursue private foundations for additional revenue.

Dr. Sawyer said that on the expenditure side we could consider the elimination of programs. The last programs eliminated were the clinical lab and nuclear lab technician, because there were no jobs for graduates. If we were to cut programs now we would have to understand we are cutting programs where there are viable opportunities and we would be depriving students of pursuing these career fields at Macomb Community College. There are consequences at this point if we cut programs.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Dr. Sawyer said another option would be to freeze wages. We already pointed out that we have a lean organization as it is and we already have collective bargaining agreements in place. Any sort of wage freeze would require opening up contracts and renegotiating. Education is a people business and renegotiating contracts to do a wage freeze would undoubtedly have an impact on morale.

Dr. Jacobs said it isn't just about money, we always keep in mind the mission of the institution. We try to respond to the needs of the community through learning, enrichment and economic development. Macomb takes it extremely serious about filling the hopes and aspirations of the community and we don't want to jeopardize that in any form in our budgeting process or in our financial concerns. We think we are fiscally responsible. We are the lowest cost of all the 28 community colleges, our millage rate is extremely low compared to other colleges, and our cost of attendance is very low.

Dr. Jacobs returned to the questions he raised earlier:

- 1) Are the tuition costs of the College excessive; are we making students pay for the inefficiencies of our own institution? He thinks the answer to that is no. He thinks we have cut and adjusted our costs on an annual basis to account for changes. He thinks doing that has not just kept our costs low but also kept the mission of the institution in the forefront.
- 2) When is this going to end? Unfortunately it isn't going to end unless the state of Michigan begins to pay far more attention to post-secondary matters and begins funding institutions at the level it did before. It is very important to note that we are not asking for something new – we are asking for what we had previously. So unfortunately, the answer “when is this going to end?” has to do with other factors that we can't control. But we can control how well we do as an institution and how much we serve the community. We think our proposal makes sense for the community and for the students.

The tuition increase will be on the April agenda. The initial budget will be on the agenda in May. The College is obligated to have a budget in place by July 1.

Questions:

Trustee Viviano asked when the increase would happen.

Ms. Argiri responded that the tuition increase will take place with the fall semester and the budget takes effect July 1.

Trustee Haase asked for additional information about the positions being eliminated. How would that work? Ms. Williams, Vice President, Human Resources said four of the positions have people in them. One of the persons is retiring so that position will be eliminated through attrition. There are currently some vacancies within the College that we need to fill as they fulfill our mission of student success. The three remaining staff members will be able to fill those jobs and would not be laid off.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Trustee Dean asked if the budget has to be in place before July 1 when will we know what our state aid will be. Dr. Jacobs responded we were told not to expect anything until June

Trustee Dean asked if we hear that we received an increase from the State and we approve the tuition in May would the tuition go back down, or would the increase stay along with the increase in State aid. Dr. Jacobs stated that the obligation we have as an institution is to let students know the tuition as soon as possible, or by July 1, before they start registering for the fall semester. It is not a good idea once you set the tuition to start changing it. That does not mean things can't be adjusted next year.

Ms. Argiri added that the College had a millage fraction reduction last year so our millage rate was reduced even further; the College lost revenue and the personal property tax. The personal property tax won't happen again, but we could be subject to another millage fraction reduction. Dr. Jacobs said due to this reduction the College lost \$850,000.

Trustee Cusumano asked what the reason was for that. Ms. Argiri stated the millage fraction reduction is based on the rate of inflation – if the property tax values rise greater than the rate of inflation our millage rate is rolled back. Ms. Argiri said the original levy rate was 1.46 and it is now 1.4174. Trustee Haase asked if in 2020 we ask for the original amount of the millage rate we would have to say it is an increase. Dr. Jacobs said yes, so we are frozen at a lower level.

Trustee Cusumano asked what the projected decline in credit hours is. Dr. Jacobs said on the credit side it is three percent.

Trustee Cusumano asked if there will be anymore collective bargaining agreements expiring and to be negotiated this fiscal year that will be patterned with the 1 percent increase.

Ms. Williams said the contracts that were negotiated were fairly short term (two year) contracts due to the current instability in the economy and registration. She has discussed on several occasions that Macomb employees were flat for several years and have continued at every level of bargaining to be cooperative and understanding of the current situation. So we are going with short-term contracts. With every contract she has come to the Board to discuss guidance before sitting down with the collective bargaining units and we are staying within that guidance and many cases less than that guidance.

Trustee Haase asked for additional information about the health care costs to employees. Ms. Williams said when PA152 went into effect it required the College to stay within controlled health care costs. We had two options to select from; a hard cap where they provided the figures or require our employees to pay 20 percent of their premium. The health care coalition was activated at a high level so we could engage all of our employees in discussion over healthcare. With that we were able to consolidate nine plans into three. All employees agreed to take on a lot more of the costs themselves with respect to deductibles, copays, etc. and in doing so, with some creative risk financing, we were able to reduce those costs substantially to the College and the employees. The Board approved the hard cap and we have continued to maintain that. But it wasn't without sacrifice from our faculty and staff.

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

Ms. Argiri said, also in 2013, MSPERS significantly changed in terms of the contribution rate. Our employees, were required in order to continue their pension benefits, to contribute 3 percent additionally of their compensation for pension and if they opted for the healthcare benefit they were contributing another 3 percent. An employee could go from contributing 4 percent of their salary to MSPERS and then add another 6 percent on top of that. This change occurred at the same time as the healthcare change.

Trustee Cusumano asked about the NBU positions that were reduced between 2009-2011 – it was a reduction of \$1.8 million and the current NBU's are at approximately \$1.7 million – was there shifting of responsibilities from these persons onto the existing NBU's. Dr. Jacobs said yes, basically we flattened the organization. A lot of the work is done by deans and associate deans and down into the units. Some of the responsibilities were combined as well.

Trustee Cusumano asked if the \$5 technology fee per credit hour was shifted to the students to cover the \$9 million cut from the technology budget. Ms. Argiri said the \$9 million reduction was prior to the facility and technology fee. When the fee was instituted in 2013 a portion of it was used to partially fund the renovation program.

Trustee Cusumano questions the purchasing process. He stated that there has to be an ongoing effort to look at every aspect with what we do here and he is looking at it from the standpoint of fiscal responsibility and stewardship. Ms. Argiri said the purchasing policy was designed to put as much as we can out for bid. The policy does allow for some flexibility for our professional judgment to make recommendations to the Board.

Trustee Cusumano said he would be interested to experiment or conduct a pilot program with the flat rate tuition used at Lorain community College. Flat rate tuition is when a student is given a fixed rate, as long as they agree to a full credit load, for their two full years at their institution. Dr. Sawyer said we are always willing to try pilots, but there a couple of caveats with that type of a mode. The tuition discounting or the model where we offer a lower tuition rate if students take full loads really is a gamble. We do know that there is the risk that students who take more classes than they can handle are going to fail. We doesn't want to offer incentives to a point where students are reaching beyond their capabilities and are unsuccessful. He said we should see how Lorain does with their program and what the impact is. Trustee Haase is concerned about equity -- offering discounts to people who can take more classes but not to those people who aren't able to.

The Board took a break at 7:10 p.m.

The Board reconvened at 7:28 p.m.

Trustee Lorenzo she said doesn't see anything in the presentation that is growth-oriented. She is thinking of high-end high-cost programs that would be geared toward a particular employment group. An example of growing students was explained by Ms. Thomas-Little, Vice President, Student Services. She said we are starting a program to bring at-risk high school students to campus. Recently 33 12th grade students with a GPA of 2.0-2.4 from area high schools spent the

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

day at Macomb. This experience was to show them that college is possible for them. We are hoping to continue this and other things to connect with at risk students.

Dr. Jacobs added that we are trying to broaden the amount of students we get from high schools and also trying to develop the Early College in other parts of Macomb and other counties. A whole other area is new immigrants. Another issue we are facing are adults attending Macomb on the non-credit side. We need to think of ways we can move these adults to the credit side. Also there has been talk of doing an Honors College and work with our four-year partners.

Dr. Sawyer said he is holding out hope for the Guided Pathways. As we get more students working towards completion that will have a measurable impact on persistence. That will lead to increased enrollment as well. From a new program perspective, we just approved the research around an engineering vehicle technician. This came out of the work we have done with the Center for Advanced Automotive Technology. We continue to keep an eye on new programs where we think there might be an opportunity. Just like we are reallocating money to support student success we are going to continue to pursue those opportunities that present themselves.

Trustee Haase stated she does not want to ignore that our enrollment is declining and will add student success to either the May or June Information Session agenda.

Trustee Cusumano asked if the decline at OCC was that steep because of the decertification of their online courses. Dr. Jacobs said it certainly contributed to it but they were in decline prior to that. Part of the explanation is Macomb's organizational structure is one college and two campuses. OCC and WCCCD have a president at each campus so the campuses are like miniature colleges. They have added overhead and less centralization and collaboration.

Trustee Lorenzo said in regards to the relationship between tuition and enrollment has anyone investigated why those colleges that have raised their tuition have increasing enrollment. What are the factors? Dr. Jacobs said their increases look good percentage wise. There are more students going to Jackson Community College who don't live in Jackson County than live in Jackson County. An overgeneralization would be that they are capitalizing on the western movement of people from Ann Arbor and they have also built dorms.

Dr. Jacobs said that getting new students here is important but we have to do a better job with the students who are here. Retention is a huge issue. We lose a couple thousand students each semester. Currently the county has about 11,000-12,000 student's graduating from high school every year and we get 33 to 34 percent of those students. If we could up that number to 45 percent that would be great. But there are 180,000 adults over the age of 24 with some college in this county with no degrees – if we got 10 percent of them back it would be huge. So it is a question of adults and why are they not coming back to school. This is where we need fresh thinking and innovation.

Trustee Dean asked Dr. Sawyer to speak on differential tuition. Dr. Sawyer said it happens at universities now where they charge tuition based on where you are at in the school. This would be a similar type of concept where students, for example, in the nursing program would pay a higher tuition rate. The position we have taken over the years is that some students who may be

5.0 LONG-TERM PLANNING; BUDGET AND TUITION (continued)

struggling more may not be able to go into those programs. That is how we view that historically. That is why we kept it at the same tuition across the board.

Trustee Dean asked if it costs the College more to run those programs? Dr. Sawyer said yes, all the career degrees cost a little more – all the health programs cost more and the primary driver is the clinical experience they have to go through.

Trustee Dean asked if there is a difference between three credit and four credit classes. Dr. Sawyer said yes, that we have anywhere from three to six credits - there might be seven in biology classes because of labs. We do have some courses that have differential credit to contact hours. There are a couple programs where there is a lab, for example, Media and Communication Arts (MACA) has four credit classes with six contact hours.

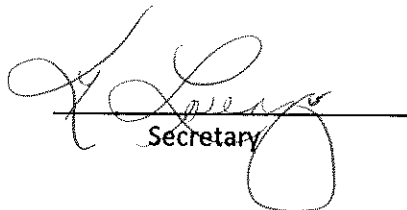
Trustee Dean said you are not opposed to looking at a tier process. Dr. Sawyer said no -- contact hours are something we have to look at. But it gets very complex with the health programs – because you can't price them to the point where students just can't afford to do them. But for example, in the MACA area all of our courses are 4 credit, 6 contact. To address that differential we have higher course fees because we are paying our faculty based on six contact hours. So if we were to say we are going to charge by contact hours we would then also have to reduce that course fee. There are issues that would have to be worked through based on the courses.

Trustee Dean asked if there is anything different the College could do for those students who are tired of school or keep changing their degree. Dr. Sawyer said that is where Guided Pathways comes in. The whole principle behind Guided Pathways is to streamline the process so students are taking only courses that fit their degree program.

6.0 ADJOURNMENT

MOTION by Lorenzo, supported by Viviano, to adjourn the meeting. The meeting adjourned at 7:50 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB
BOARD OF TRUSTEES


Secretary