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

A special open information session of the Board of Trustees of the Community College District of the County of Macomb was held Tuesday, September 11, 2018 at 7:00 p.m., in Room 109 of the University Center, Professional Development Center, Center Campus, 44575 Garfield Road, Clinton Township, Michigan.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Haase at 7:00 p.m.

2.0 ROLL CALL

Present: Jennifer Haase, Chairperson
Frank Cusumano, Vice Chairperson
Katherine Lorenzo, Secretary
Roseanne DiMaria, Treasurer
Kristi Dean, Trustee
Vincent Viviano, Trustee

Absent: Joseph DeSantis, Trustee

Also present: James Sawyer, President
Elizabeth Argiri, Vice President, Business
Sharon Kowal, Executive Administrative Assistant to the President
Jeffrey Steele, Associate General Counsel, Office of General Counsel
William Tammone, Provost/Vice President, Learning Unit
Casandra Ulbrich, Vice President, College Advancement & Community Relations
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.

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

Trustee Cusumano said because this meeting is on September 11 he asked the Chairperson to invoke a moment of silence at the general meeting in remembrance of the first responders and victims of 9/11.

6.0 ISSUE AND UPDATES

1. Tentative Agreement for the Macomb Community College Faculty Organization (MCCFO)

2. Tentative Agreement for the Macomb College Association of Administrative Personnel (MCAAP)

The trustees were given a packet and two handouts. Dr. Sawyer said he and Ms. Williams would respond to the questions submitted previously and then be open to additional discussions.

Dr. Sawyer said in response to the question about faculty salary comparisons; page four of the blue packet compares faculty salaries to our peer group and smaller colleges. The ranges listed reflect the increase negotiated in the tentative agreement.

Dr. Sawyer said the chart on page five shows the differences in the actual agreements of various colleges through 2020/2021. Looking at Macomb's salary range, these increases are certainly in line with the agreements made at other institutions.

Dr. Sawyer stated that page six, gives a reflection of how our Administrators compare to our peer colleges, as well as some smaller colleges. Here again, you can see that with the negotiated increases we are still well in line with the other colleges, and in some cases even a little bit low.

Page seven, Dr. Sawyer said shows the individual agreements of several colleges and their changes. Again, we are in line with the other schools. The change in 2018/2019 is really to reflect the fact that the Administrator's salary range is behind our competitor schools. Of note, we have lost four Administrators in the past 18 months with one of the reasons being the difference in salary.

Ms. Williams continued by answering the questions Trustee Lorenzo had submitted earlier. Ms. Williams said one of Trustee Lorenzo's questions was how do our base load and fringe benefits compare to other colleges. From a fringe benefit perspective, very comparable: health, dental, vision, short and long term disability, and life insurance. Additionally Administrators receive paid time off (PTO). From a base load perspective, our full-time faculty and those of our peer colleges are all within range of 15 credit hours. Trustee Lorenzo asked if our base load would still be 15 credit hours. Ms. Williams said yes.

Trustee Lorenzo asked about the extra-contractual (EC). Ms. Williams responded that the EC's are a portion of the base loads. Our EC rate is 1/51. We allow quite a few EC's, but they have to teach in order to make that money. From a rate of pay, it was based on the base wage. Trustee Lorenzo asked if the high EC number is concerning as far as student success goes. Ms. Williams said she had many conversations with Dr. Sawyer when they negotiated the "extra" extra-contractual and that all came around during the ACA, when we became limited in how many hours adjuncts could teach. There was dual benefit; faculty wanted to teach more and we were losing the ability to use adjunct faculty the way we had been. It met a mutual need. Not all faculty take advantage of it and the cost to us is the same as it would be an adjunct.

Dr. Sawyer stated that the goal with tentative agreements is to hold them in open session, however some of your questions touched on other bargaining units. If we feel we are starting to talk about negotiation strategies for other bargaining units we may have to go into closed session.

Ms. Williams said the next question was about longevity payments with respect to the non-contributory investment and if there is a cost to the College. There was a slight increase in cost to the College. There was a cost of .25 percent to move from the longevity payments, as they were, into the investment plan option. However, from an efficiency perspective that is consistent with our other contracts. The other thing is what MPSERS wants to consider reportable compensation. Longevity is one of those items that they are calling into question, especially when not all of the union contracts at Macomb have that provision. This moves the faculty into a benefit consistent with all of our other contracts and eliminates that exposure with MSPERS.

Ms. Williams said the vision insurance is not new. That was clean up in the contract to make sure it was cited.

Ms. Williams said in response to the credit for previous experience question, when we did the wage reopener we redid the faculty grid. Technically, the new faculty came in all at the same step. However, because we added a step and eliminated a step that is why it is now step 6. We have always been able to hire faculty at that and didn't see the need to remain at step 7 when we could hire at step 6 with the new grid.

Ms. Williams said she does not see this agreement affecting negotiations with the adjunct faculty.

Ms. Williams reviewed additional changes:

The opt-out provision for health care is permanently eliminated from both the faculty and Administrators contract. The opt-out provision was a benefit to those staff members who did not take the College's health care. The College would pay them $2,200. Trustee Lorenzo asked if that caused an increase in costs to the College to have to pay health insurance for those people who used to take the $2,200. Ms. Williams said no because people have to pay to be in our health insurance now. There was a time when employers paid 100 percent, so it was worth it to pay the $2,200 but now when it costs employees to be on the plan we have eliminated that exposure.

A member of faculty hiring committees will participate in diversity training with Human Resources.

The calendars have been reduced to a one-week break for the next three years of the contract in the second semester.

We are also going to try to move college-wide, beginning with faculty, to a semi-monthly payroll. That is going to be a big efficiency for both HR and the Business Office.

We can now replace a position at 36 months when somebody is unable to return to work. Trustee Dean asked if there is anybody currently beyond the 36 months. Ms. Williams replied yes. Trustee Dean asked what happens with them. Ms. Williams said technically they went out under the old contract, so they would be grandfathered in. Unless we could negotiate a separate agreement with MCCFO for those couple of people, they will follow the previous contract. Trustee Dean asked if there was anybody between the one and three year date that will be grandfathered in. Ms. Williams said she thinks there is one person. Trustee Haase added that we have to honor those agreements. Ms. Williams concurred that the contract that was in place at the time the employee went out will need to be honored. Trustee Dean said she understood, but it also is subject to the students and classes not being offered because the instructors are being pulled in multiple directions to cover that one position. Ms. Williams said we usually fill the position with a temporary full-time faculty. Sometimes we utilize adjuncts. It is disruptive, but moving forward we are headed in the right direction. Trustee Lorenzo asked if the offices of the faculty members, who are gone for a few years could be used. Ms. Williams said not currently.

Ms. Williams addressed Trustee Lorenzo's questions about the MCAAP tentative agreement:

Non-contributory investment plan: This benefit is hard to compare with other colleges because they might offer different things like merit pay, an annuity, or longevity, but they do have something similar. This benefit has been at the College across all of the union contracts for 40 years. Administrators don't have a longevity benefit and they were very restricted as to where they could invest the money. Every other bargaining agreement allows members to invest wherever they choose – 403(b), HSA, or cash, where they could put it in an IRA or a 457. The Administrators were the only ones that were not consistent. That is primarily why we made that change for them.

Health benefits for all of our full-time employees extend to spouses and dependents. ACA requires benefits extend to dependents.

We have been cleaning up the language where Board and College are used interchangeably.

Public Act 152 applies to all public employees. It covers all employees subject to health care benefits.

Dr. Sawyer continued that the information in the blue packet is what we shared in March when we first discussed negotiations and requested guidance from the Board. We felt it was worthwhile to share that background again in case it answers any questions you may have.

Dr. Sawyer continued that the first of the other two handouts shows the impact on the other bargaining units at various rates and the second handout is in answer to Trustee Cusumano's questions about the revenue stream - what does the model look like for the future and where are the funds going to come from.

Dr. Sawyer stated the best way to answer those questions is to look at the history. We have the three primary strands of funding and you can see, on the chart, how those fluctuate but there is an interrelationship. In January, we have a new governor coming in and it is impossible to predict what their view of higher education is going to be. It is our responsibility as Administrators to come up with a balanced budget to present to the Board for approval. It is important that we stay within the confines of what we have done historically. We have a sense of where the Board wants to be and we know we want to keep tuition affordable for our students and be fiscally responsible. That is a charge the Board places with him first and then with the rest of Administration. It is our responsibility to present you with a budget. We see minimal value in going out five years to predict what this may look like.

Dr. Sawyer said we are continuously looking for alternative sources of revenue. The best examples of that in the past ten years is the formation of the Grants Office and the rejuvenation of the Foundation. However, those revenues often come with caveats. The grants are for specific functions. They helped us with innovation and in particular, service the workforce side of the business, by being able to train people for no cost and return them to the work force.

The Foundation has three primary missions: student success being the main one but that translates to student scholarships, which is where the bulk of the money goes. We do have a few areas where donors have given us money to support operations, for example, the Ralph Wilson Foundation and Engineering and Advanced Technology. Typically, when money comes in for scholarships many of the donors specify the type of recipient they want to receive it. That is a broad view of some of the different sources of revenue we have.

Trustee Cusumano asked on an annual basis how much of the student population is scholarship dollars. Are we seeing growth in that area where we are up to 5 percent of the revenue stream? Dr. Sawyer said it is less than that but is growing. Dr. Ulbrich said it has been growing for the last couple of years because one foundation donor gave us enough funding for a full ride scholarship for one graduate from every high school. Our scholarship dollars have grown significantly over the last two years. However, those revenues could go back down.

Ms. Argiri said scholarships are now open to incoming freshmen where previously they were not. With the implementation of the Oasis system in which students can apply online that certainly has increased the amount of scholarships the College is awarding because the process is now easier for students. Dr. Sawyer said in the past we had money go unused because people didn't know opportunities existed. Trustee Cusumano asked if that was solely through the Foundation. Dr. Sawyer responded yes.

Trustee Cusumano asked if the revenue from the bond portfolio is reinvested in the investment portfolio or is any of that money prospectively viewed as going towards Operations or historically has it always been funneled back into more bond and investments. Ms. Argiri responded that it is really a balancing act. When we look at cash flow, it is a whole treasury management function. We are looking at and predicting out what our payroll is going to be every two weeks and what our AP payments will be. Given the bonds that are maturing, we might elect to receive the funds back from a bond that has matured and hold on to the cash because we know we are going to need it in the next month or two. On the other hand, we might reinvest it. However, if your question is regarding interest income, that is incorporated into the general fund budget. The investment income earned on those funds does help support Operations.

Trustee Cusumano asked if he was wrong about the mentioned $1.5 million going back into the budget. Dr. Sawyer said there were two sources. The $1.5 million was correct, that was from the local community stabilization act. That is because of the personal property taxes changes made and, at the time of the budget, we didn't know what that amount was going to be or if we were going to get that money. The same thing with the state aid. If you recall, the Governor's original budget was zero percent. We eventually did receive .8 percent, or $262,000, that wasn't part of the original budget. It will be incorporated into the revised budget that we present to the Board in December. Trustee Cusumano asked if the $1.5 million was a one time. Ms. Argiri said it is based on the collection of Use Tax and the disbursement of reimbursements to Tier 1 organizations or entities that receive reimbursement before the College does. The College is considered a Tier 2 organization and we only have funding available to us if there is funding available after the Tier 1's have been reimbursed at 100 percent of the funding. Dr. Sawyer added that is not a revenue stream we can count on.

Trustee Cusumano said what additional revenue, prospectively in the next fiscal year, is the restoration of the millage going to give us that we didn't have this fiscal year. Ms. Argiri said that was incorporated into the revised budget. At the time we presented the revised budget to the

Board we also included a projection for increased wages, not only for known increases but projection of negotiated settlements. Trustee Cusumano said so what was the amount. Ms. Argiri said $1.9 million was factored into the budget for wages. Trustee Cusumano asked about what about the revenue. Ms. Argiri said that was factored in and it was an additional $3 million. The property tax was $3.9 million.

Dr. Sawyer said Trustee Cusumano's question about the impact or on the different bargaining units is shown on pages 15 and 16 in the blue packet. We have several different scenarios comparing 2009 to 2017 that shows the net impact on employees. It is important to point out that in many cases people that have been here 20 and 30 years are actually taking home less money than they did in 2009. That is a result of additional changes to the MPSERS system and because employees are paying for health care now. Dr. Sawyer added that part of your question was if there has been any negative impact on contracts, while that hasn't been the case, employees have seen it in their net pay. Trustee Cusumano said the answer is no then, none of the contracts decrease the operating expenses of the College, it is just the individual employees are making less. Dr. Sawyer said some of that is a benefit to the College, because with healthcare, the employees are now paying where the College would have paid it in the past. We also had zero wage increases through the 2011- 2012 timeframe.

Trustee Cusumano said the projected settlement cost on page 2 of the Board packet shows $746,939 as the estimated annual cost for full-time faculty but looking at the chart, column 3, indicates a 2 percent increase and the amount is $746,935. Then looking back at page 2 of the Board packet (number 1) there is a 1.75 percent plus step effective 9/11/18 – how come there is a discrepancy between the 1.75 and 2.0 percent increase in the same amount. Ms. Williams said that is because of the annuity changing from the longevity over to the annuity. The cost was about a quarter percent. She tries to reflect all of the costs of the contract so she made sure she included that in the annual costs. Trustee Cusumano said that in other words the number in column three on the chart does not indicate the annuity. Ms. Williams said the number she provides as the estimated annual cost includes the entire cost of the contract. It is not just the base wage. She incorporated the move from longevity to the investment option and the step value too.

Trustee Cusumano said the bottom line with him has always been what the overall impact is going to be on tuition and the students. Is it anticipated that if the contracts stay in the salary ranges currently being proposed for ratification by the Board, is the College going to be in a position to hold the tuition rates at their current levels or a less than 1 percent increase? Or does the Administration project that there is going to have to be an increase in excess of 1 percent in order to cover the contractual increases which are anticipated across the board for the collective bargaining units. Dr. Sawyer said the Board took the position a few years ago in terms of tuition to have regular modest increases. Our goal would be to keep any increase as minimal as possible but he would anticipate a tuition increase. He thinks the reality is that other operating expenses are going to increase as well. Our goal is to keep tuition as affordable as possible. When we compare ourselves to the other community colleges in Michigan, we are the lowest cost based on FYES in the State. We do run a lean, fiscally responsible operation. We all aspire to make any increase as minimal as we can for students but the reality is we are going to see modest tuition increases. He doesn't expect to see a 5 percent increase or anything like that but a modest increase in the 1 to 2 percent range.

Trustee Cusumano said we are locking ourselves in for three years to these increases because of the term of the contract. Dr. Sawyer said yes, but we have constantly looked at cutting our budget too. That is part of our appendix; we have the history of our budget cuts so as we go through the budget we are committing to these increases and saying we are comfortable for the near future, we can handle those without anything drastic happening. If we felt we were going to have to come back to the Board with a large tuition increase, for example, it would be his responsibility to tell you at this point. We aren't saying that, we don't think that is the case. Provided things stay relatively consistent.

Trustee Cusumano said with the $3.9 million increase in revenue coming into the College and the potential of property rates continuing to climb, increasing that amount is the reason he voted for the millage. He said he wasn't actually there to vote, but he publically stated that he was in support of that measure. He also handed out campaign literature in front of a polling place that day, which made his contribution to carrying Macomb Township.

Trustee Cusumano asked what the anticipated loss of headcount is and fiscal year equated students projected to be and where are we at now. Dr. Sawyer said now, from a finance perspective, we are 3.7 percent down from year over year. We had forecasted 2 percent. Trustee Cusumano asked what impact does that have on the operating revenue stream. Ms. Argiri responded that it is between $600,000 and $700,000 for fall semester. Trustee Cusumano asked about winter. Ms. Argiri stated that if we assume we will be down the same amount for winter semester then effectively double that.

Trustee Lorenzo asked if the six-month leave time went from 30 days to 6 months. Ms. Williams said no, the contract said 30 days or the length of the contract whichever is greater. If somebody went on leave at the beginning of a three-year contract, technically the language read as three years.

Trustee Lorenzo asked about dependents up to age 26 receiving health benefits. Ms. Williams said ACA requires us to keep dependents until age 26.

Trustee Cusumano asked General Counsel if he had reviewed the TA's and if he had any issues the Board should know about. Mr. Steele said he had reviewed them and the financial issues are the ones the Board should be aware of most of all and he thinks that information has been presented to the Board. He said there are no legal concerns that are relevant for your review.

7.0 Closed Session

It was determined that it was not necessary to go into closed session.

8.0 ADJOURNMENT

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

Motion carried.

The meeting adjourned at 7:40 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB BOARD OF TRUSTEES

R. Lorenzo

Secretary