

APPROVED MINUTES OF 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 Wednesday, December 19, 2018 at 6:00 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 6:00 p.m.

2.0 ROLL CALL

Present: Jennifer Haase, Chairperson
Frank Cusumano, Vice Chairperson
Katherine Lorenzo, Secretary
Roseanne DiMaria, Treasurer
Vincent Viviano, Trustee (arrived at 6:05 p.m.)

Absent: Kristi Dean, Trustee
Joseph DeSantis, Trustee

Also present: James Sawyer, President
Elizabeth Argiri, Vice President, Business
Sharon Kowal, Executive Administrative Assistant to the President
Deborah Mende, Director, President's Office
Jeffrey Steele, General Counsel, Office of General Counsel
William Tammone, Provost/Vice President, Learning Unit
Jill Thomas-Little, Vice President, Student Services
Casandra Ulbrich, Vice President, College Advancement & Community Relations
Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by Haase, supported by DiMaria, to approve the agenda, but table Item 6.2 Convocation Review until the January meeting when Trustee Dean can be present.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None.

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

Trustee Cusumano asked if we could conceivably have, on the investment report, a mix that is more or less weighted in Fannie Mae or Freddy Mac. Ms. Argiri said the investment policy is not prescriptive as to allocations amongst the governmental instrumentalities. We base our decisions on yield and maturity. Trustee Cusumano asked why we are favoring these low yield federal government instrumentalities. Ms. Argiri said we are always looking for the best yield that we

can get at a level of risk that is acceptable in our investment policy. Trustee Cusumano asked whether we have an informal template that says we have to keep investments divided evenly. Ms. Argiri said that is not prescribed in our investment policy. It is based on yield, managing the risk, and included with the risk is the length of maturity. Trustee Cusumano asked if we have a portfolio manager that makes recommendations or does Ms. Argiri select them herself. Ms. Argiri said our Director of Investments, Kathi Poindexter, reviews the portfolio, researches our options with different institutions and then recommends them to her and they review them together.

Ms. Argiri stated that in 2019 we are sending out an RFP for investment advisory services because with the rising interest rate in the market and the option to purchase commercial paper there is an extra level of due diligence required beyond our expertise and capabilities.

Trustee Cusumano asked what the \$2.4 million under Other, Interest and Investment Income on the revenues page of the revised budget is. Ms. Argiri responded it is related to the bond portfolio and the investment income that resides in the general fund. Trustee Cusumano continued that the number seemed to be low for the return on investment. Ms. Argiri said we tend to be conservative with our estimates in the budget and a portion of the interest in investment income is allocated to other funds including the plant fund. The investment report is not just for the general fund, when you look at the fund balance overall for the college there is general fund, the plant fund, restricted fund for grants (we do not allocate anything for the grants) but some of that interest is allocated to the plant fund to continue the support for our plant fund assets.

Trustee Cusumano asked if the interest on these bonds is booked annually or as they mature. Ms. Argiri said at maturity, all of the transactions are recorded at time of purchase and maturity. At the end of the year, we are required to comply with GAP (general accounting principles) to adjust the investment down to market value from this cost basis.

Dr. Sawyer's Comments:

- Tonight, we will be recognizing Trustee Joseph DeSantis's long-time service to the college.
- We need to go into closed session to discuss collective bargaining and real estate.
- He is proud to announce that the Governor appointed Casandra Ulbrich to the Midwestern Higher Education Compact.
- The Marshall Plan proposal submitted in partnership with the school districts of Armada, Center Line and Fraser, "Macomb Classroom to Career Talent Consortium" has received funding. The college's involvement will be in our health areas, primarily the medical assistant and certified nurse assistant programs. The funding we receive will pay for professional development for their teachers to prepare curriculum to help prepare students to take our challenge exams. Our faculty will teach the professional development classes and offer summer academies to students. Our hope is the students who go through this program will ultimately enroll in our medical assistant certificate program.

- Enrollment is down 4 percent in credit hours as of this morning. We have forecasted for a 6 percent decline. We are being conservative based on the numbers and the fact that we were down 3.8 percent for the fall term.
- Mr. Steele has reviewed all of the board policies. He will be recommending some changes. In January, we will start presenting one or two revised policies per month, depending on the amount of revisions, for your review and approval.
- As of December 6, marijuana became legal for recreational use. Even though the law changed, it does not change the fact that marijuana continues to be prohibited on campus. Communications reiterating the college's policy of prohibiting the use or possession of marijuana were sent to faculty and staff. As far as making students aware, the information is posted on the student portal.
- November 19 he attended a meeting called by the State regarding the need for a regional training center - the Southeast Michigan Training Facility: Rich Baird, senior advisor to Governor Snyder, Jeremy Hendges, interim director of Talent and Economic Development and Jeff Donofrio, executive director, Workforce Development for the City of Detroit were the main presenters. Essentially, they were looking for the foundations to fund a needs assessment. The State forecasted the study to cost \$500,000, hoping it would be paid for by \$50,000 contributions from each foundation. The foundations did not have an immediate reaction to their request.
- December 6 he attended a meeting arranged by Dr. Curtis Ivery, chancellor, Wayne County Community College District with the presidents of the seven regional community colleges (WCCCD, Macomb, Oakland, Monroe, Washtenaw, Henry Ford, Schoolcraft (unable to attend)) and Mike Hansen from MCCA about the feasibility of the colleges working together and ideas for collaborative initiatives. The Southeastern Michigan Community College Collaborative (current title) will not be a formal organized consortium; it will be more ad hoc. We are hosting the next meeting in February. The first collaboration is to try to increase the diversity of our staffs. All colleges struggle with this issue. Washtenaw will lead and convene the Human Resource executives. Ms. Williams will be represent Macomb. This is a work in progress.
- December 18 he met with Detroit Drives Degrees (D3 an initiative through the Detroit Regional Chamber Foundation working to increase the number of individuals with college degrees and high-skill credentials in the region), and senior administrators from WSU, OU, OCC and HFC regarding creating a regional debt-forgiveness program for stopped out adults. We are considering this program and will be looking at it more in-depth.

We know the number of high school graduates are declining and we are struggling to get adults to return to school. We need to be creative looking for potential students. If we can get some of these students back to class, we are getting tuition that we may not have received otherwise.

Trustee Cusumano asked how many of our students would qualify for debt-forgiveness and is it logical to think that is what is preventing them from reenrolling. Dr. Sawyer said we do not know the answer to that. Another issue that becomes an obstacle for students

is they performed so poorly they cannot access financial aid. In order to continue to receive financial aid they need to achieve satisfactory academic progress. We put together a Second Chance Grant that helps pay students to return to college.

Ms. Thomas-Little said we had four students take advantage of the grant this fall. It looks like two of the students that took classes in fall are coming back for winter. The goal of the Second Chance Grant is to give adult learners (ages 24 or older) with a cumulative GPA below 2.0 an opportunity to receive financial assistance while working towards gaining Satisfactory Academic Progress (SAP) eligibility so they can transition from grant funds to Federal Aid within one to two semesters.

Trustee Cusumano said he would need to see the numbers to help determine any potential gain. Dr. Sawyer said that from fall 2001 through fall 2018 there are 12,283 students who have past due amounts. Those amounts vary from a couple dollars to several thousand.

Trustee Cusumano said there is the debt issue and then the grade issue, how many students are there. Dr. Sawyer said that these are different issues and we have to look at all of our stopped out students. Over a 15-year look back, we had roughly 34,000 students who stopped out and left without any credentials.

Dr. Sawyer said that there is a fair amount of analysis to do regarding the advisability and methodology this program, but he wanted the board to know that we are looking into the issue.

- Board Self-Evaluation Instruments: Trustee Cusumano had an interest in a self-evaluation for the board. Dr. Sawyer requested information from the seven colleges that have board self-evaluations and he received four. Please review them at your convenience.
- Tentative Agreements: Ms. Williams gave a brief update. Both TA's are within the board guidance. She said we believe the changes were in the best interest of the college and maintained the mutual interests of the members of both bargaining groups. The changes in the STA group include the probationary period, specially funded positions (treated outside the bargaining group with respect to benefits), cleaned up and solidified with respect to termination provisions and time limits when people go on leave. For the Command Officers it was the compensatory time and they agreed to some changes. She enjoyed working with both negotiating teams. Trustee Cusumano asked about the financial implications. Ms. Williams said the impact is only in respect to the base salary – Command Officers - \$9,793 estimated annually. The STA group is \$361,100 estimated annually.

6.0 ISSUE AND UPDATES

1. 2018-2019 Revised Budget

Dr. Sawyer stated that tonight we are asking the board to adopt the 2018/2019 revised budget. In May, we will be coming to the board with the new budget for 2019/2020. He has been very consistent in stating that as we look at our future budgets there will likely be a modest tuition increase. We will start that discussion in March 2019 and have a tuition recommendation for the Board in April laying the groundwork for our initial budget in May.

Ms. Argiri said that overall the budget process went well. We are presenting the board with a balanced budget including revenues of \$138.9 million and expenditures totaling \$138.4 million resulting in revenues exceeding expenditures by \$570,000.

In the board packet, there are several pages including the highlights and recommendations but also the different detail pages including overall changes in revenues and expenditures by department.

Revenues increased about \$132,000 and are comprised of a variety of changes including state aid (increased by \$260,000), and the incorporation of the local community stabilization funding (replacement for the loss of personal property taxes) of about \$1.4 million.

Today enrollment is down 4 percent for the winter semester. We have incorporated a 6 percent decline to be on the conservative side for winter and summer. If we do better, that is great, it helps us with our bottom line, but we have given you what we believe to be the worst-case scenario. The impact is about a \$1.5 million reduction in revenues. We have made no changes in property taxes. For the initial budget, we did factor in the passage of the millage and the Headlee rollback so there are no additional changes in this budget. In other revenue, just minor changes.

Overall expenditures decreased by \$214,000 due to a variety of changes. Wages and benefits increased overall by \$780,000, which includes about \$1.4 million increase in wages due to approved and contractual increases as well as projected increases, organizational changes and staff turnover. Offsetting the increases in wages is an increase in the vacancy savings calculation. This budget cycle it increased by \$660,000 because we have 29 vacant positions, which is higher than we have ever had when we factored this into the budget. In the Other expenses category, we had a decrease of \$930,000 due to the reallocation of about \$750,000 from general institutional to the department budgets for the wage increases.

Overall, the results are very good and we ended the budget with revenues exceeding expenditures by about \$570,000.

2. Convocation Review – Tabled until January 2019
3. MPSERS/ORS Student Issue Update

Dr. Sawyer said as of this afternoon the House and the Senate signed the bill and it is waiting for the Governor's signature. We are hopeful that he will sign it in the next day or two.

7.0 Closed Session

MOTION by Cusumano supported by Viviano to move into Closed Session for discussions regarding collective bargaining and real estate.

ROLL CALL VOTE:

Ayes: Cusumano, Viviano, DiMaria, Lorenzo, Haase

Nays:

Absent: Dean, DeSantis

RECESS

The meeting recessed at 6:50 p.m.

RECONVENE

The meeting reconvened at 7:30 p.m.

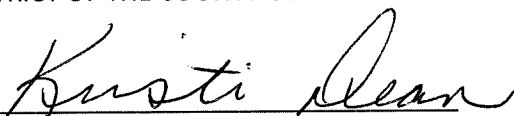
8.0 ADJOURNMENT

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

Motion carried.

The meeting adjourned at 7:30 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB BOARD OF TRUSTEES


Secretary