

**DELTA COLLEGE DISTRICT
BOARD OF TRUSTEES
DINNER MEETING
June 8, 2010
Delta College Main Campus Room N 7**

Board Present: R. Emrich, K. Higgs, K. Houston-Philpot, E. Selby, R. Stafford, D. Wacksman

Board Absent: K. Lawrence-Webster, J. MacKenzie

Others Present: J. Goodnow, B. Baker, P. Clark, M. Cooper, K. Ellison, L. Govitz, P. Graves, T. Grunow, S. Hartshorn, A. Hill, G. Hoffman-Johnson, T. Kienbaum, T. Kubatzke, P. Larkowski, G. Luczak, D. Lutz, J. Miller, S. Montesi, C. Morley, M. Mosqueda, L. Myles-Sanders, J. O'Boyle, G. Przygocki, L. Ramseyer, K. Randolph, S. Romer, P. Seidel, A. Sinclair, J. Stahl, T. Stitt, A. Ursuy, S. Whitney, M. Wood

Chairperson Kim Houston-Philpot called the meeting to order at 6:00 p.m.

Dr. Jean Goodnow described the College's strategic planning process. A systematic process is aligned both vertically and horizontally throughout the organization. It includes the trustees' goals for the President, the budget planning process, academic and student and educational services, and capital outlay plans, and is based on the Mission, Vision, and Values most recently revised and adopted in Spring 2006 following the Summit of approximately 450 faculty, staff, students, trustees and community members.

Environmental scanning takes place year-round, focusing on population, state funding, federal stimulus funding, the property tax base, employment opportunities and other factors likely to impact the College. Population is forecast to continue to decline, as is state funding and local property tax values. Federal stimulus funding which helped avoid substantial cuts in 2008-9 and 2009-10 will expire in fiscal 2010-11. Although unemployment rates remain high in Michigan, new jobs and businesses are coming to the Great Lakes Bay Region including the green jobs at GlobalWatt, Suniva, Dow Kokam Lithium Battery, and expansions at Dow Chemical, Dow Corning, and Hemlock SemiConductor.

2008-2011 Strategic priorities are Student Success, Community Focus, Sustainability, and People Focus. Nine measurable Action Plans across these four priorities are set for 2010-11. The strategic planning process continues to improve with a stronger link to the budget process, increased environmental scanning and increased benchmarking and outcome measurement.

Debra Lutz presented the recommended 2010-2011 budget, which Board members had previously received in their packets, consisting of 123 pages. Ms. Lutz pointed out that Delta College art student, Matthew Tuck, designed the cover that will appear on the final printed document, and recognized the work over many months by the Budget Cabinet and Executive Council in putting the budget together.

She pointed out that per prior conversations with the Board, the budget envisions increasing the fund balance from a targeted 8% to 10%, using some one-time dollars resulting from continuing high enrollments. She reviewed the history of tuition, state aid and property tax revenues and reviewed the assumptions on which the budget proposals are based. Enrollments have increased 37% over the past ten years, while state aid has decreased, and property tax revenues have begun to decline. No salary increases are budgeted, but there will be a significant increase in retirement costs. Dr. Emrich noted that the 3% cost to employees will go specifically to medical benefits. There is a new tax appeal by the new ownership of the Midland Co-Generation Venture for which monies must also be reserved.

Chair Houston-Philpot inquired about the cost saving measure entitled benefits audit, and Ms. Lutz responded that it is a third party audit which other colleges and universities have found results in significant savings by removing ineligible persons. Ms. Lutz reviewed the General Fund, Designated Fund, Restricted Fund and Auxiliary Fund, pointing out that the Auxiliary Fund had become fully self-supporting and able to return dollars to the General Fund for purposes such as the Board of Trustees scholarships, using its own reserves to pay for their own equipment life cycle replacement.

Ms. Lutz reviewed the Plant Fund Budget and the Capital Expenditures Budget at page 96 of the Budget Book, and in response to a question from Dr. Emrich said that should the state provide renovation or other construction funding the College's share would be 50%. The State does not provide funding for maintenance. To fund building and equipment life cycle replacement and maintenance costs Building Research Council guidelines suggest setting aside approximately \$8 million annually, whereas the College is currently setting aside \$1 million annually, using considerable one-time dollars to address the priorities that are identified in the capital expenditure budget. Responding to a question from Mr. Selby, Ms. Lutz said that the \$258 million current appraised value of buildings and contents is based on current replacement value estimates. Dr. Emrich asked to see additional information on priorities in the capital expenditures budget.

There being no further business, the dinner meeting was adjourned at 7:05 p.m.

Respectfully submitted,

Leslie Myles-Sanders, Board Secretary