

REPORT OF MINUTES
BOARD OF TRUSTEES
SPECIAL BOARD MEETING (BUDGET HEARING)

BAY de NOC COMMUNITY COLLEGE
Catherine Bonifas Board Room (201D)
Escanaba, MI

May 18, 2016

The meeting was called to order at 5 p.m. ET by Board Chair, Philip Strom.

Roll call was taken by Assistant Board Secretary, Laura Johnson.

Members present: Eric Lundin, Tom England, Tom Butch, Joy Hopkins, Philip Strom

Members absent: Bill Lake, Jim Hermans

Administration: Travis Blume, Kevin Carlson, Kim Carne, Laura Coleman

Faculty: Brian Black, Molly Campbell, Karl Linderoth, Bill Milligan,
Jane Mudrovich, Thomas Warstler

Guests: Rachel Droze, *TV6 News*; Kellie Linderoth, Student

Recorder: Laura Johnson, Assistant Board Secretary

Philip Strom opened the floor for public comment before discussion about the 2016-2017 operating budget began.

Bill Milligan, Full-Time Faculty Association President, was recognized.

Bill asked trustees if the Personnel Committee of the Board met to discuss the reduction in force. Philip Strom responded the recommendations were presented at the Board Retreat in March which was a Special Board meeting. When concerns were raised, a Personnel Committee meeting was considered but it was determined all board members should hear the concerns.

Bill stated there is a professional difference of opinion about the institutional priorities and it is a hard sell in the community to do what the College is doing while hiring an Athletic Director/Recruiter.

There were no other requests to be recognized.

The meeting was turned over to Dr. Coleman who stated the budget is presented for approval one month earlier than usual. The health care costs will not be finalized for a few more weeks. Ballard Benefit Works is reviewing plan options to present to the College's Health Care Benefits Committee. The current plan is the least expensive but there could be a change in the budget depending on what options the Health Care Benefits Committee

recommends. The current plan expires June 30. A proposal is expected for the June 15 Regular Board Meeting.

Dr. Coleman responded to the question about the Health Care Benefits Committee. The committee, comprised of employees from all employee groups, is presented survey results of health care plans from Ballard Benefit Works.

1. Tuition and Fees

Dr. Coleman stated the initial recommendation from the Board for 2016-17 tuition and fees was to keep the increase between 3% and 4%. The College learned of additional expenses: \$65,000 in dark store, \$40,000 in utilities, and the 15.2% health care increases. Based on the initial recommendation and additional expenses, the net income or "surplus" would be ~\$48,000 which amounts to about 16 students. Due to the unpredictability of these expenses, raising tuition an additional \$2 would increase the surplus an additional \$80,000. A third option is to review fall enrollment and increase winter semester tuition.

Discussion points included:

- Concern was expressed with Bay's tuition in the top 25% of peer colleges and raising it substantially.
- The Board's most important responsibility is as financial fiduciary and must recognize the small net income margin of ~\$48,000 and try to keep tuition low for students.
- The Board's initial request to administration was to keep net income/surplus close to \$200,000 to maintain stable ratios required for accreditation. If the CFI ratio falls below 1.0 the College will be watched by HLC and could lead to loss of accreditation which would affect everyone.
- It is difficult to predict enrollment going into the winter semester. Increasing tuition at the beginning of the winter semester can be confusing for students who expect their rates to be consistent for the year. An increase beginning winter semester must also make up for fall semester losses. However, if enrollment goes up then the increase would have been unnecessary.
- A fourth option was suggested: increasing tuition an additional \$1 (\$5 total increase) and reserving the option to adjust the rate for winter based on enrollment.
- Kevin Carlson stated there is no change in most fees. Nursing fees have changed their testing structure which affected their fee structure.

Philip Strom asked if trustees had discomfort with the fees. None was expressed.

- The College levies 3.5 mills reduced to 3.3076 because of the Headlee amendment. Bay has one of the higher mills but unfortunately, most of the land is state or federal owned and exempt from property taxes. The State legislature has shared tax revenue estimations were too high. At this time we do not know if that will affect our state appropriations next year. The only other option is tuition increases.
- Enrollment projections for the fall are high compared to last year because nursing students are registering at a different time compared to last year. It is too early to have an accurate enrollment projection for fall.

Philip Strom asked for a motion to approve one of the tuition options with the option for further discussion.

It was moved by Tom Butch and seconded by Joy Hopkins to:

“Adopt the second option for 2016-2017 tuition and fees rates presented as \$116 for Delta County Residents, \$171 for Dickinson County Residents, \$199 for In-State Residents, and \$362 for Out-of-State Residents with hope, reservation, and strong discussion with Administration, that it stay level for the whole year.”

Roll Call:

Ayes: Joy Hopkins, Tom Butch, Tom England, Eric Lundin, Philip Strom
Nays: None
Abstaining: None

Joy Hopkins shared she is concerned the surplus of \$48,000 would not be enough when there are so many unknowns this year and stated the utility increases as an example.

Eric Lundin confirmed the tuition rate passed will increase the surplus an additional \$80,000 still well under the initial \$200,000 cushion. Kevin Carlson confirmed the net income or surplus would increase to \$132,907 from \$48,907.

Tom England clarified the motion sets tuition for the entire 2016-2017 year. Tom Butch responded that is the intent but there is always room for discussion with Administration for changes.

There was no further discussion. Motion carried unanimously.

The following rates for tuition and fees were approved:

Tuition and Fees

Student Residency	2016-17 Tuition Rate	2015-16 Tuition Rate
Delta County Residents	\$ 116	\$ 110
Dickinson County Resident	\$ 171	\$ 164
In-State Residents	\$ 199	\$ 191
Out-of-State Residents	\$ 362	\$ 350

Dual Enrollment Fees

The recommendation to the Board is for 2016-17 qualifying students under the Dual Enrollment program where tuition is paid by Dickinson County school districts pay a rate of \$5 higher than the rate for Delta County school districts pay in the Dual Enrollment program. Surrounding county Dual Enrollment students would pay a rate of \$10 higher than the Delta County rate.

Student Development and Success Fee

All students must pay a \$7.00 per contact hour student development fee (up to a maximum of 12 contact hours per semester). The fees are used to fund many student events, academic support services, and commencement. Payment of this fee entitles the student to reduced price tickets to all events provided by the Campus Activities Board. This fee also funds supplemental instruction and tutoring.

Technology Fee

Students are charged a \$30.00 per contact hour technology fee for technology services including online support and using the Student Computing Centers.

Facility Fee

A \$13.00 per contact hour facility fee is charged to all students who are not residents of Delta or Dickinson Counties **and** who are attending classes at the Escanaba or West Campus (excludes clinics, co-ops, and internships).

Class Specific Fees

Course	2016-2017	2015-2016	Variance
Art Fees (per course)			
• Intro to Art Design I & II	\$40	\$40	\$0
• Drawing I & II	\$40	\$40	\$0
• Painting I & II	\$40	\$40	\$0
• Ceramics I & II	\$40	\$40	\$0
• Sculpture	\$40	\$40	\$0
• Moldmaking for Glass I	\$40	\$40	\$0

• Digital Photography I & II	\$80	\$80	\$0
• Intro to Electronic Imaging	\$80	\$80	\$0
• Intro to Visual Structure	\$80	\$80	\$0
Welding Fee	\$20	\$20	\$0
• CIS 130	\$20	\$20	\$0
• CIS 140	\$20	\$20	\$0
• CIS 240	\$20	\$20	\$0
• OIS 150	\$20	\$20	\$0
• OIS 250	\$20	\$20	\$0
Nursing			
• NURS 116	\$208	\$151.50	\$56.50
• NURS 117	\$208	\$0	\$208
• NURS 130	\$415	\$205	\$210
• NURS 132	\$460	\$205	\$0
• NURS 136	\$416	\$205	\$0
• EMT 110	\$148	\$105	\$0
• EMT 115	\$105	\$105	\$0
• EMT 130	\$148	\$0	\$148
• EMT 140	\$148	\$0	\$148
• PMED 212	\$116	\$122.50	\$0
• PMED 242	\$116	\$122.50	\$0
• PMED 285	\$32	\$0	\$32
• HLTH 271,272,273,274	\$206	\$206	\$0
Other Fees			
• Biology 276	\$23	\$23	\$0
• Fisdap Testing	\$135-215	\$0	\$135-215
• Nursing HESI Testing PN	\$250	\$0	\$250
• Nursing HESI Testing ADN	\$665-710	\$0	\$665-710
• EMT HESI	\$45	\$45	\$0
• Paramedic HESI	\$0	\$80	\$(80)
• EMT Students Insurance	\$17	\$17	\$0
• Paramedic Insurance	\$17	\$17	\$0
• Nursing Insurance	\$32	\$32	\$0
• Liability Insurance	\$16	\$16	\$0
• Allied Health CBC	\$134	\$148	\$(14)
• NURS 101	\$0	\$103	\$(103)
• NURS 231	\$0	\$16	\$(16)
• NURS 250, 232	\$0	\$352.50	\$(352.50)
• NURS 138	\$0	\$68	\$(68)
• EMT 115	\$0	\$105	\$(105)
• PMED 210	\$0	\$122.50	\$(122.50)
• PMED 215	\$0	\$122.50	\$(122.50)

B. Millage Levy

Kevin Carlson reviewed the property tax levies:

Delta County Property Tax Levy

The 2016 taxable value of property for Delta County as it pertains to the calculation of both the operating and debt service and capital millage is \$1,142,289,359 which represents a \$64.2 million or 5.1% decrease from the 2015 taxable value. The decrease in property tax value is due to the dark store issue lowering property values throughout Michigan.

For Delta County, the initial chartered operating millage of 1.0 mill was approved by voters in August 1963, but it was reduced by the Headlee amendment to .9230 mills. A second operating millage of 1.5 mills was approved by county voters in April 1968 and that millage has been reduced by the Headlee Amendment to 1.3848 mills. In total the Headlee affected operating mills is 2.3076 for Bay College which applied to a taxable value of \$1,142,289,359 provides an operating tax levy of \$2,570,947.

In the fall of 2013 Delta County voters overwhelmingly approved the continued assessment of a 1.00 mill debt and capital service levy which when applied to the Delta County taxable base provides a levy for 2016-17 of \$1,142,289.

Dickinson County Property Tax

Dickinson County provides one mill to Bay College based upon their taxable value. A payment of \$892,978 is expected from the 2016 taxable value.

Administration recommended the full allowable mills of 3.3076 be levied.

Tom Butch confirmed the full amount authorized by law is to be levied.

Discussion was held about considering a millage to recover the amount reduced by the Headlee Amendment. Dr. Coleman advised a meeting will be scheduled before the June 15 Regular Board Meeting to hold further discussion.

Eric Lundin pointed out the decrease in property taxes is ~\$200,000 in the budget which requires a lot of enrollment to make up the loss.

Tom Butch responded in past tough times the College stayed at least flat or had some increase in property tax revenue. A slight increase could likely be expected if the dark store issue did not exist.

Philip Strom asked for a motion to approve the millage levy if there was no further discussion.

It was motioned by Joy Hopkins and seconded by Eric Lundin to:

“Levy the full voted 3.5000 mills of the current voter millage, subject to such modification as imposed by the provision of Section 31 of the Constitution of the State of Michigan (Headlee Amendment):

Type	Original Millage	Max Millage Allowable Under Headlee
Operating Mills	2.5000	2.3076
Debt & Capital Mills	<u>1.0000</u>	<u>1.0000</u>
Total	3.5000	3.3076”

Roll Call:

Ayes: Tom England, Eric Lundin, Joy Hopkins, Tom Butch, Philip Strom

Nays: None

Abstaining: None

No further discussion. Motion carried unanimously.

C. Operating Budget 2016-2017

Philip Strom stated lengthy discussion on the budget has been held by the Board, Faculty, Students, and Administration. The purpose of this meeting is to make decisions related to these discussions. He asked Dr. Coleman and Kevin Carlson for a summary and recommendation.

Dr. Coleman stated this was one of the most painful budget processes senior leaders had to go through. She is very proud of their efforts which strategically cut almost \$300,000 in non-personnel items from the budget. Nearly every department gave up one position and some gave up two positions. The Activity Classification Structure (ACS) report which provides comparison data to other schools, served as a source for some of the reasoning which led to decisions made. The recommendations are well thought out and are very thoughtful and deliberate. Tremendous effort has been put forth by the Board, Administration, and Faculty. She emphasized the budget recommendation does not provide for raises for non-exempt and exempt employees. Faculty members will receive step increases and raises as outlined in their contract.

Kevin Carlson added changes were constantly received throughout the budget building process that reflected negatively: taxable value going down ~\$200,000, and the 15.2% increase in health care costs. It was a difficult process this year.

Philip Strom commented the Board's hours don't compare to those involved, faculty included. The discussion was difficult and we don't all agree on the budget but the institutional priorities have been defined by the group the Board has delegated that process to: the President's Advisory Council. The Board has made difficult decisions but each step of the way we've talked about student success and opportunities for students despite the disagreement. Everyone has agreed on student success even though there is disagreement about the end result.

Dr. Coleman added while carrying out the vision, mission, and strategic agenda of the College, student success and decisions with the least impact on students are looked at.

Philip Strom opened discussion from trustees. Discussion points included:

- Tom England stated he looks forward to when things can truly be fair for all employees someday. We need to move on in the rough times.

This is the second year in a row staff have not received raises.

- Tom Butch stated one area of controversy in the budget is the addition of athletics. Trustees desire it will become self-sustaining from admission fees or tuition. He requested before a motion be made on the budget, he had a request of administration regarding the new Athletic Director/Recruiter position. He read the following statement:

"I would make the following requests of the Administration regarding the new position in the Recruiting/Athletic Director area:

- 1. That the title of the position be set forth as Recruiter/Athletic Director.*
- 2. That under "Skills Preferred" there be a specific reference to "experience in recruiting athletes/students".*
- 3. That under "Primary Duties and Responsibilities" there is language which states, "Assist with the recruitment of students to Bay College and the athletic programs." I would suggest that this language be moved to the first item under "Duties and Responsibilities".*

I assume that this position will be dealt with as similar positions. This would include, but not limited to, separate categories in the budget with appropriate detail; periodic reports of activities and achievements to Administration and the Board (if requested) and/or the Personnel and Finance Committees; issues on problems involving Board and College policy be requested by the Administration or Employee, involving, for example, issues involving Title IX, etc."

Dr. Coleman responded she agreed with everything requested. She also stated Administration has been very diligent in tracking grant positions and the recruiter position to determine if the positions are achieving desired results. A matrix to measure effectiveness will be set up with the new hire and reported to the Board.

Eric Lundin added the College doesn't want just an athletic director - we need a recruiter. The person hired will have to have this skill set because enrollment is the number one priority.

Philip Strom stated this is a position we've had in some shape or form for several years but now the duties are being changed.

Dr. Coleman commented when a recruiter was initially hired, results were measured. Efforts could not be as effective as expected because we were aiming efforts at the same body of students. That person was promoted to the Director of Admissions position when it opened because she was highly qualified for that position. The recruiter position is being redefined to go after a certain niche of students we do not have access to because they go off to other schools that offer athletics.

Philip Strom added the Board is committed to any idea about increasing enrollment. For many years we just waited for enrollment to get better and this is a significant change intended to help stabilize and improve enrollment. The Board hopes it will be self-sustaining and will see positive enrollment.

Dr. Coleman stated work has been ongoing for the last five years to add six new programs to improve enrollment. We have doubled the number of welding students and are meeting the needs of local employers through the mechatronics/robotics and EMT/paramedic programs.

Joy Hopkins shared students are well-rounded when they have access to all three areas: the arts, music, and sports.

Trustees discussed the desire for athletics to be identified in the budget as a separate department and provide monthly reports to the Board. Kevin Carlson responded the accounts will appear in the Student Services budget this year and have an individual set of accounts the following year so it can be easily monitored and an income statement produced. Dr. Coleman responded activity will be reported in the Student Services board report and the matrixes will be developed from input from the Board.

Philip Strom advised he recently had two girls' sports coaches approach him to say they know girls who want to be a part of athletics at Bay and were previously looking elsewhere. There are also community members telling him there are kids excited about athletics at Bay.

Eric Lundin stated it is the Board's responsibility to look at new programs to grow enrollment.

Philip Strom recommended a motion be made on the budget proposed if there was no more discussion.

It was moved by Tom England and seconded by Eric Lundin to:

“Approve the 2016-2017 operating budget as presented.”

Philip Strom asked if there was additional discussion from board members. There was none.

Roll Call:

Ayes: Joy Hopkins, Eric Lundin, Tom Butch, Tom England, Philip Strom

Nays: None

Abstaining: None

No further discussion. Motion carried unanimously.

Adjournment

On a motion made by Tom Butch and seconded by Eric Lundin:

“The meeting was adjourned.” Motion carried unanimously. The meeting adjourned at 5:55 p.m. ET.

Laura L. Johnson
Assistant Board Secretary

5/19/2016
Completion Date

Approval Date

Philip L. Strom
Board Chair

Approval Date