

MINUTES OF THE STUDY MEETING
OF THE BOARD OF TRUSTEES
OF THE MONROE COUNTY COMMUNITY COLLEGE DISTRICT

Via Microsoft Teams
and of Trustees Room, Z-203
La-Z-Boy Center, Board
6:00 p.m., June 6, 2022

Present: William T. Bruck (5:12 p.m.), Florence M. Buchanan, Lynette M. Dowler, Krista K. Lambrix, Aaron N. Mason, and Mary Kay Thayer (Virtual)

Not Present: Steven Hill

Present: Scott Behrens, Brian Lay, Kojo Quartey, Linda Torbet, Susan Wetzel, Grace Yackee, and Penny Dorsey (recording secretary)

Present Remotely: Matthew Bird-Meyer, Jack Burns, Jr., Parmeshwar Coomar, Kevin Cooper, Valerie Culler, Michelle Gaynier, Kelly Heinzerling, Rick Hubbert, Barry Kinsey, James LeDuc, Leon Letter, Gerald McCarty, Joshua Myers, Tracy Perry, Joe Verkennes, Tracy Vogt, Beth Waldvogel,

1. Chair Dowler called the meeting to order at 5:00 p.m.
2. Roll call attendance was taken as follows:

For the record, Trustee Mary Kay Thayer announced that she was attending the meeting virtually from her home in Lambertville, MI. Chair Dowler apprised Ms. Thayer that the following trustees were present in the Board Room: Trustee Buchanan, Trustee Lambrix, Trustee Mason, and Chair Dowler. She also mentioned that Trustee Bruck and Trustee Hill were not present.

The purpose of the meeting was for select update presentations from the President and Vice Presidents including discussion on the 2022-2023 budget. The regular agenda was suspended for this meeting, and no votes were taken, nor business transacted. All matters requiring a vote or any other action will be taken up at the next regularly scheduled meeting.

3. There were no delegations present.
4. Suzanne Wetzel, Vice President of Administration/Treasurer, gave an overview of the 22/23 budget. Building the budget is an inclusive process that started back in December 2021. December through early March all of the divisions and departments work on their budgets and the managers input their budgets into the system. Once that is done, the vice presidents work with their respective areas to review and approve, or to adjust the submitted budgets. This information goes to Ms. Wetzel's area about mid-March after which the President and vice presidents work on the budget until the end of April at which time they finalize the budget. In May the Administration area spends time cleaning the work up and getting it ready to present to the Board for their preliminary study meeting. Ms. Wetzel thanked the budget managers for their submissions, as well as the President and vice presidents for their work. She gave a special thank you to AJ Fisher, former Director of Finances, for his assistance with finalizing the budget even after moving to another job in another state.

Ms. Wetzel gave the Board a brief overview of the Budget's 12 major fund categories: the ***General Fund (01)**, the majority of college expenditures rest here; the Retirement Designated Fund (02), this is where the College records the MPERS, UAAL, and OPED liabilities; the HEERF Designated Fund (03), this is where the College manages the Higher Education Emergency Relief Fund; the ***Designated (Technology) Fund (20)**, this fund is where all of the technology expenditures reside. ; the ***Auxiliary Activities Fund (31, 33, 35)**, this includes the campus store, food service, and Campus and Community Events; the Restricted Fund (41, 42, 43, 44, 45, 46, 47), this is the fund where all of the federal, state, and other grants, and gift aide are tracked; the Student Loan Fund (59), this is an old fund with which the college used to make loans to students. It is almost phased out; the Endowment Fund (61, 62), this is where the College manages its true and quasi endowment funds; the ***Unexpended Plant Fund (71)**, this is where the college reports construction and new facilities; the ***Maintenance and**

Replacement Fund (80), this is where the funds for campus maintenance and repairs are managed; the ***Millage Maintenance & Improvement Fund (81)**, this is where the millage funding and projects are managed; and the Physical Properties Fund (89), this is where the value of the land the college owns is tracked, as well as improvement to that land and to buildings. This is also where depreciation is managed. As a reminder, definitions of these funds are included in the budget book. Tonight's presentation focuses on the **starred (*)**, **bold typed** funds listed above. Ms. Wetzel will cover all of the funds at the June 20th regular meeting of the Board of Trustees.

5. General Fund Revenues

Ms. Wetzel gave an overview of the General Fund Revenues for which there are four major sources: tuition and fees, property taxes, state appropriations and other. The majority of the College's expenditures are in the General Fund. Ms. Wetzel explained that when talking about tuition and fees that includes both credit and non-credit. Property taxes are generated from Monroe County. State appropriations are funds from the State. The Other fund provides the smallest percentage of revenue to the College.

6. Tuition and Fees

A 2.5 percent tuition rate increase was approved by the Board on March 28th (slide #4). Ms. Wetzel gave the Board a brief review of the calculation method. used to generate projections on tuition rates. The College budgeted \$5.9 million, but it took in nearly \$6.2 million due to increased fall enrollment. When calculating the next year, Ms. Wetzel works off of the actual dollars. Even though the College is assuming a 5 percent decrease in the 22/23 budget, it is actually an increase in revenue over what was budgeted in 21/22.

Possible Tuition Scenarios

Ms. Wetzel explained that the 2022-2023 tuition scenarios are built based upon the actual year-to-date revenue. Even budgeting down 5 percent, it is still an additional \$187,000 (+3.32 percent) in revenue over what was budgeted this year because the fall semester came in so strong above what was projected due to the *Futures for Frontliners* and *Michigan Reconnect* programs. The projection will move as the numbers change, so basically a 1 percent movement equals about \$60,000. 2022-2023 Tuition Scenarios built based upon actual 2021-2022 YTD revenue. Even budgeting down 5% when calculated based upon actual 2021-2022 Tuition Revenue equates to a 3.32% increase in tuition revenue as compared to the FY 2021-2022 Budget (when including an increase in Non-Credit Revenue of \$35,000).

7. Property Taxes

The bulk of the College's General Fund revenues come from property taxes. The College has received the L-4028 from the county so the numbers are all in. The 2022 Monroe County Taxable Value is \$6,776,572,580 and the millage rate is 2.174. Property taxes have increased 3.16 percent (\$213,705,223) over the previous year. This does include the negative impact of both the Monroe Power Plant reduction in value and the Fermi reduction. Property taxes are really the only set numbers in terms of revenue. Enrollment, state appropriations, and other are out of the College's control.

8. State Appropriations

The Governor's budget, the House budget and the Senate's budget are at the Conference Committee. Ms. Wetzel reminded the trustees that MCCC's budget is based on the Governor's budget, which includes a nice increase to community colleges. The Senate Fiscal Agency does a nice comparison of the Governor's budget to the House budget to the Senate's budget, and it shows the differences between the three budgets. For example, the Senate has built language into their bill that prohibits COVID-19 vaccine mandates or penalties for failure to get a COVID-19 test. A College's state funding would be negatively affected if they mandated these things. They add allowable expense to establish a pregnancy and parenting student services office. Colleges could use the money they already have but the state will not give them any additional funding for this purpose. The Senate also has tuition restraint plugged into their budget. An annual increase is 5 percent or \$226 per year. That will be tied to a college's performance funding. The House is encouraging community colleges to maintain operation reserves no less than 5 percent for General Fund operations. They are supporting a Michigan Reconnect extension to 21 to 24-year-olds. They add funding for community college academic catch up programs. They are requiring acceptance of nationally recognized equivalency college credit exams and awarding credit for such. They require providing accelerated completion pathways and options, and they introduce a whole new funding formula. There are many other changes as well. The funding right now looks like it will be right around 5 percent. The budgeting side looks good but the mandates could cause

some challenges for colleges.

9. “Other” Revenues

The College is budgeting \$210,000 in Other revenue for the 22/23 year. Ms. Wetzel says that MCCC is starting to see some return to normal now that we are coming out of the pandemic. For example, when looking at the history of rentals we see \$137,000 in 18/19 down to \$4125,00 in 19/20, and then \$78,00 in 20/21. Currently that number is up to \$106,000, so the trend is improving. Culinary shows a similar trend over the past several years, and it is being phased out in its current form. Interest has gone down from \$186,000 in 18/19 to about \$5,000 in 20/21. This is due to the millage money that the college had, but those funds have been spent down as college renovations and improvements happen.

10. General Fund Revenue Summary

Ms. Wetzel presented a General Fund Revenue Summary to the Board. *Tuition and Fees* assumes a 5 percent decrease based on actual 2021-2022 billable contact hours. *Property Taxes* are based upon the 2022 Millage Reduction Fraction Computation (L-4028), so this number is on target. *State Appropriations* assumes the governor’s proposed budget. Other assumes an increase in rental fees and reductions in culinary sales, interest income, and indirect cost recovery.

11. Where We Are Now?

Ms. Wetzel reported that currently, the General Fund Budget is balanced. There is a 3.12 percent increase in revenue and a 2.73 percent increase in expenses. No revenues or transfers are needed to balance the budget. Ms. Wetzel did note that the transfers are not yet finished. Typically, the College tries to make about a \$1 million transfer to the ‘71’ Fund for the HVAC payment, but the budget looks good at this point in time.

12. Expenses Summary

Ms. Wetzel presented the Expense Summary showing a break out of where the College spends money. As stated early, there is a 2.73 percent increase in expenses. Just under 85 percent of this year’s proposed budget is spent on salary and fringe benefits, which is typical as colleges are a human intense operation; however, this does not leave much extra money for other things such as Contingencies and Capital Outlay. The Millage Maintenance and Improvement funding and the HEERF money have helped out, but salary and fringe benefits are something to keep an eye on in the future. MCCC’s salaries and fringe benefits expenses are within range when compared with sister community colleges. Supplies are down at \$115,000 (13 percent). Most of the savings comes out of instruction, the math area in particular, because of changes to the program and no longer needing to purchase the computers for math. Also, about \$50,000 of that \$115,000 is from Culinary because we are no longer purchasing food and beverages, and instructional materials for that program. Library print resources are also down by about \$6,300.

13. Reserves

Ms. Wetzel noted that the administration likes to keep around \$6 million dollars of working capital (between 3 and 4 months of working capital). Financially the College is in a good place in terms of *Reserves*.

14. Salary Adjustments

Ms. Wetzel explained that Cabinet and the Human Resources Department have been working on realigning grades and steps for the administrators and professional staff. The steps on the College’s current salary schedules are quite large. Some are between 4 and 6 percent. Based on this, the administration has done a complete change for those two employee groups in terms of adjustments. The old schedule was between 4 to 6 percent and they are now at two percent. Previously there were four grades of administrators, which is now reduced to three grades of administrators.

On the professional staff side, step increases were at 5 percent now they have been reduced to 2 percent. Previously there were two salary grades, one salaried and one hourly. The administration is now proposing three grades but one is salaried and two are hourly.

The current maintenance contract is a negotiated 1.5 percent increase. Maintenance employees do not get steps. The faculty contract expires on August 22, 2022. They are currently in negotiations. The support staff contract is a new collective bargaining agreement and will be negotiated at some point. There is a proposed adjustment (3 percent increase) to the adjunct faculty salary schedule, with the exception of nursing and respiratory therapy adjuncts (this group has been previously adjusted). Student Assistants

are scheduled for a minimum wage increase (\$10.10 up from \$9.87) beginning January 1, 2023. Additionally, tuition remission for non-credit courses is still suspended for the 2022-2023 fiscal year, but will need to be negotiated with faculty and support staff.

14. Fringe Benefits

Ms. Wetzel explained that under the hard cap option, The State of Michigan limits how much employers can pay toward medical benefit plans for employees (hard cap). The employee has to pick up any amount over the hard cap. Ms. Wetzel went over the hard cap amounts for employees. The increase year over year is 1.3 percent. There are two plans to choose from, the 80/20 plan or the Hard Cap plan. The College has always funded the Hard Cap plan.

Ms. Wetzel discussed employer retirement contribution rates, which have remained the same from 2020-2021 through 2022-2023. The MPSERS Defined Contribution rate is 29.96 percent; MPSERS Defined Benefit rate is 26.25-30.16 percent; *ORP for employees employed before August 23, 2014 rates are 26.25-30.16 percent; and ORP for employees employed after August 23, 2014 rates are 12 percent.

*ORP – Optional Retirement Plan

Ms. Wetzel explained that the College is currently in the open enrollment period for health insurance (June 1-10). Health insurance renews on July 1st of each year for all employee groups except for faculty. Ms. Wetzel briefly explained the current plans available to College employees (with the exception of Full-time faculty). Employees can choose from a PPO plan or an HMO plan, based on a single person, 2-person, or family option. The College will be staying with Priority Health, but due to the hard cap limits, MCCC will not make an HAS contribution for any employee this year.

The faculty negotiate their health insurance through the contract. Their insurance provider is MESSA. Faculty insurance renews January 1st of each year. There are three plans to choose from, Choices, the ABC Plan, and the Essential D plan. The Faculty pay monthly premiums for their health insurance.

15. What's New in 2022-2023

Ms. Wetzel recapped some of the new initiatives for the upcoming year.

- New Branding Campaign – Marketing and Communications
- HEERF Institutional Funding – Multiple Projects
- Threat Assessment Training, Plan, and Program
- Campbell Academic Center and Founder's Hall Grand Opening –
- Community Open House Aug 12 and 13
- Administrator and Professional Staff Position and Salary Realignment
- Funding Positions
 - FA Officer: State Program Coordinator
 - Seasonal Contract Employees (Student Services)
 - English Faculty Member (Reactivating)
 - Criminal Justice Faculty member (Reallocation of Culinary Skills position)
 - Administrative Assistant – Lifelong Learning /CCS (Reactivating)
 - Additional Student Assistant Funding
 - Grant Funding for additional positions
 - Adjunct Faculty Rates – Increase of 3 percent on schedule (except Nursing and Respiratory Therapy)

16. Capital Outlay Requests

Ms. Wetzel explained that the Capital Outlay list does not yet include the Perkins Funds yet. There is \$100,000 of Capital Outlay budget for the Instructional Area. Dr. Quartey brought the Board's attention to the EV chargers on the list, stating that these are the wave of the future. He added that the College is seeking additional grant money to help fund the additional chargers. Currently, use of the chargers is free to the public. The Administration Area has \$154,317 of Capital Outlay Requests. The total Capital Outlay budget is \$154,317, which is down from last year. To view a detailed list of Capital Outlay Requests, please refer to slides 17 through 18.

17. Designated (Technology) Fund (20)

Ms. Wetzel explained that the '20' Fund is where the College tracks its technology projects. She reminded the Board that they approved a \$500,000 transfer this year to help the fund balance. Revenue for this fund comes from the student technology fee that the

College charges per billable contact hour. The administration builds its projections on the same numbers it uses for tuition and fees. Brian Lay, Chief information Officer, and his team also work with the directors and the deans to determine their needs. There are three newly equipped computer labs included in the proposed budget in the following areas, Computer Information Systems; Construction Management; and Student Publications.

18. Auxiliary Activity Funds (31, 33, 35)

This fund includes the Bookstore, Food Service, and Campus and Community events. Although the effect of switching to the eCampus Online Bookstore has negatively affected its revenue; the good that it did for students far outweighs the decrease in revenues. The proposed budget for the Bookstore is \$1.2 million; Food service is \$110,656; and Campus and Community Events \$49,207, for a total budget request of \$1,412,812.

19. HEERF Funding

Ms. Wetzel explained that HEERF (Higher Education Emergency Relief Fund) includes the following funds:

- CARES – Coronavirus Aid, Relief, and Economic Security Act (HEERF I)
- CRRSSA – Coronavirus Response and Relief Supplemental Appropriations Act (HEERF II)
- ARP – American Rescue Plan Act of 2021 (HEERF III)
- CRF – Coronavirus Relief Fund
- SIP – Strengthening Institutions Program

The grand total of CARES funding the college has received is \$9,947,450. MCCC disbursed \$5,288,366 to students and discharged \$181,728.08 of student debt during the winter, summer and fall semesters of 2020 and the winter and summer semesters of 2021. Ms. Wetzel provided a chart of current projects that are eligible to be funded with HEERF funds. All projects must be completed by June 30, 2023. The projects and all HEERF reports are posted on the college website.

20. Unexpended Plant Fund (71)

Ms. Wetzel explained that this is where the College makes the payments for the HVAC system. On December 30, 2015, the College borrowed \$16,151,962 to pay for the HVAC system. The annual HVAC payment for the system is \$1,436,118.51. Of that amount, \$1,056,098.39 goes toward the principal and \$380,020 goes toward the interest. As of June 30, 2023, the balance owed will be \$9,906,894.61.

21. Maintenance and Replacement Fund (80)

Ms. Wetzel explained that the Maintenance and Replacement Fund is currently being finalized. For now, the budget for this fund is at about \$500,000. Projects for the 2022-2023 year include:

- Founder's Hall Roof Repair (\$200,000)
- Sidewalks (\$42,130)
- HVAC Front End Controls (\$95,000)
- CTC Auto Lab Floor Rehab (\$20,600)
- Trees (\$10,500)
- CLRC Sewage Pumps and Controllers (\$12,000)
- Landscaping (\$26,500)
- Contingency (\$80,000)

22. Millage Maintenance and Improvement Fund (81)

Ms. Wetzel commented that next year, will be a breather year. When this initiative began, the money was ahead of the project. When this year is finished out, Ms. Wetzel projects that there will be around \$2 million dollars left in the fund. In January 2023, another \$5 million will come into the fund. The Board has previously approved the architects and engineers for the Health Education and Whitman Center buildings. The projects planned for 2023 in terms of these funds include:

- Legal Service (\$7,500)
- Parking Lots 3 (CTC) & 7 (Campbell) (\$320,000)
- La-Z-Boy Room Signage (\$10,000)
- Health Education Building Architects/Engineers (\$400,000)
- Whitman Center Architects/Engineers (\$200,000)

*This fund is also currently being finalized.

23. 2022-2023 Proposed General Fund Budget

Ms. Wetzel closed with a review of the 2022-2023 General Fund. She confirmed that the other funds are all in good shape or close to finished. The Budget Book should go out to the Board at the end of next week. Ms. Wetzel's full presentation is part of the permanent Board file and can be obtained from the President's Office.

24. *It was moved by Mr. Mason and supported by Ms. Lambrix that the meeting be adjourned.*

The motion carried and the meeting adjourned at 6:20 p.m.

Respectfully submitted,

Lynette M. Dowler
Chair

Krista K. Lambrix
Secretary

pd/

These minutes were approved at the June 20,2022 regular meeting of the Board of Trustees.