

DELAWARE TECHNICAL COMMUNITY COLLEGE

BOARD OF TRUSTEES – FINANCE COMMITTEE

Via Zoom

October 22, 2020

Attendees: Bobbi Barends, Mark Brainard, Mark DeVore, Jeanne DiAmico, Daniel Ehmann, Bob Hagerty, Michael Hare, Christina Hudson, Lora Johnson, Brian Keister, Lolita Lopez, Kelly McVeigh, Paul Morris, Melissa Rakes, Carol Rhodes, Justina Sapna, Steve Selk, Judi Sciple, Nancy Shevock, Kris Stevenson, and Noelle Sugalski.

Mr. Hare called the meeting to order at 3:00 p.m.

1) REQUEST FOR APPROVAL OF MINUTES

Mr. Hare moved to approve the minutes of the June 15, 2020 Board Finance Committee meeting as submitted. Ms. Lopez made a motion and Mr. Hagerty seconded the motion. The motion carried unanimously.

2) RESULTS OF OPERATIONS FISCAL 2020

Ms. Rhodes reviewed the fiscal reports for the fiscal year ending June 30, 2020 along with reports on Tuition & Fee financial activity and the 15% Test calculation as follows:

1. General Fund: Expended 100% of our \$86.6 m in General Fund.
2. Tuition Fund: Credit tuition revenues of \$37.3 m decreased 5.2% while expenditures were down 4.5%.
3. Carryover: The final carryover figure of \$42.3 m exceeds the \$37.4 m projected for the fiscal year; and
4. The reported 37.6% college-wide figure from the 15% Test calculation exceeds the projected 38.4% for fiscal year.

Ms. Rhodes noted that all of the campuses significantly met or exceeded their carryover targets for the year. Ms. Shevock and Mr. Hare both noted the excellent financial management, especially in light of the current fiscal impact of the pandemic, and offered their kudos and thanks to the staff.

3) REQUEST FOR APPROVAL OF FY21 OPERATING BUDGET

Ms. Rhodes shared the proposed Fiscal 2021 Operating Budget of \$207.2 million in projected revenues and \$205.7 million in expenses. As in the past, funding from the General Fund (44%) and revenues from tuition and fees (25%) generate the majority of the College's operating revenues. These revenues support 1,152 full time and 1,467 part time positions. In terms of expenses, personnel costs (56%) and financial aid (20%) account for 76% of the College's total operating budget. Overall, the College is projecting a surplus of \$1.5 m or 0.72% of total operating revenues.

Ms. Rhodes noted that this operating budget reflects a one-time increase of 5.2% due to monies awarded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Ms. Rhodes answered questions regarding the CARES Act monies support of direct

student aid as well as its use at the College's three childcare development centers qualified as statewide licensed emergency providers beginning April 2020 and throughout the pandemic and extended state of emergency. Mr. Hare called for a motion to approve the FY21 Operating Budget and bring it forward for approval by the full Board of Trustees. Ms. Lopez made a motion, Mr. Hagerty seconded it and the motion was approved.

4) REVIEW OF SEPTEMBER 30, 2020 FISCAL REPORT

Ms. Rhodes reviewed the fiscal reports for the three months ending September 30, 2020 along with reports on Tuition & Fee financial activity and the 15% Test calculation for the first three months of Fiscal 2021 as follows:

1. General Fund: Expended 24.6% of our \$86.7 m in General Fund support 25.0% through the fiscal year.
2. Tuition Fund: Credit tuition revenues of \$5.6 m are down 3.2% and expenditures are down 20.1%.
3. Carryover: The carryover figure is \$35.2 m, which is less than the \$41.9 m projected for the fiscal year based on fiscal year start-up obligations that are annual in nature, early enrollment data, and October significant financial aid award processing; and
4. 15% Test: The current 33.7% collegewide 15% Test calculation is less than the projected 39.8% for the fiscal year yet comparable with prior year first quarter activities and statuses.

Mr. Hare stated that he appreciated the College's efforts to ensure direct services to students and containing costs from non-direct student-impact areas. A motion was made by Mr. Hagerty and seconded by Ms. Lopez to approve the fiscal report as submitted and bring it forward for approval by the full Board of Trustees. The motion carried unanimously.

5) UPDATE REGARDING FISCAL 2022 BUDGET REQUEST

Ms. Rhodes reviewed the FY2022 budget request submitted to the Office of Management and Budget explaining that the request reflects the inclusion of a target budget reduction at 5% as requested by the Office of Management and Budget (OMB). Ms. Lopez asked if a 5% reduction was requested of other State agencies and Ms. Rhodes confirmed that it was a statewide target reduction request. Beyond the potential 5% target reduction, the state does not anticipate a change to the Governor's Recommended Budget at this time. Ms. Rhodes stressed that the College safeguarded direct student services and found other areas for the budget reduction. Mr. Hare asked when the last time the state requested a reduction. Ms. Rhodes stated the last time was in 2008 and the College's approach was similar with respect to safeguarding aid to needy students and all essential student services.

Ms. Rhodes shared that the recent budget request submission also included a capital budget request of \$17.7 m, which includes the \$10 m anticipated from the SS2 for SB50 legislation passed in May of 2019. This legislation expressed the General Assembly's intent to appropriate at least \$10 m a year, from the date of its signing, to address the College's ever-increasing deferred maintenance. Mr. Hare asked what funding was anticipated from the Higher Education Economic Development Investment Fund; Ms. Rhodes stated that no funding is available for FY21. Ms. Lopez asked how the College would keep ongoing projects going among budget concerns. Ms. Rhodes stated that the College is carefully obligating funds to support the work that is in progress.

Dovetailing off the discussion of capital projects, Mr. Hagerty asked what additional measures has the College adopted to address COVID-19 protocols, etc. Dr. Barends, Vice President Campus Director at Owens, shared that all the campus directors performed walk-throughs of their student service areas with their Facilities teams and installed the necessary safety measures such as sanitation stations, equipment and supplies including partitions and signage. Mr. Ehmann, Vice President Campus Director at Stanton, also noted that all COVID-19 related expenses are being coded and tracked with the hope of reimbursement at a later date. He shared that each campus was allotting significant funding to furnish safety measures and personal protective equipment as well.

Ms. Rhodes noted that the College's FY22 budget hearing before the Director of the OMB takes place on November 9, 2020.

6) OTHER BUSINESS

Ms. Rhodes shared that the College had \$11.9 m in funding through the CARES Act to date. She noted \$11.3 was for Delaware Tech and the balance is distributed to technical school partners through the College. The first round of CARES Act Higher Education Emergency Relief funds granted directly to Delaware Tech totaling \$4.5 m designated for emergency student aid is now approximately 72% disbursed directly to eligible students. She shared approximately \$3.2 million disbursed aided roughly over 4,500 students. Ms. Lopez asked how the College dealt with the administrative burden of disbursing all the additional student aid and what criteria was used to select recipients. Ms. Rhodes noted that funding was available to existing Delaware Tech students (enrolled as of Spring 2020) and that the criteria and application information requires communication and reporting through the College's portal under student resources – CARES Report page. Ms. Rhodes commended the joint efforts of the Business Services Division, Financial Aid Division and Information & Instructional Technology Division for successfully converting an in-person delivery of services to a mainly remote/virtual format.

There being no further business to discuss, Mr. Hare made a motion to adjourn which was made by Ms. Lopez and seconded by Mr. Hagerty. The meeting adjourned at 3:45 p.m.

Respectfully submitted,

Amy Tucci

Assistant to the Vice President for Finance