

**DELAWARE TECHNICAL COMMUNITY COLLEGE  
BOARD FINANCE COMMITTEE**

**The Bellmor Inn & Conference Center  
Rehoboth, Delaware**

**October 24, 2016**

Attendees: Norman D. Griffiths, Esq., Patti A. Grimes, John M. Maiorano and Gerard M. McNesby.

The meeting was called to order at 3:06 p.m. by Mr. Maiorano.

**1. REQUEST FOR APPROVAL OF MINUTES**

Mr. Griffiths moved to approve the minutes of the June 20, 2016 Finance Committee meeting as submitted. Ms. Grimes seconded the motion. Motion carried unanimously.

**2. REVIEW OF FISCAL 2016 BUDGET REPORTS**

Mr. McNesby reported the total carryover balance in General Fund and Tuition Funds operations did not meet projections (\$24.1m versus \$26.9m). This \$ 2.8 million difference was due to: (1) tuition revenue falling short of projections (\$.7m); (2) reprogramming of prior year expenditures were less than anticipated (\$.4); (3) unanticipated transfers to other funds to support operations (\$.4); and (4) over-expenditure in annual operating budget driven by increased personnel costs and internal transfers (\$1.4). The College exceeded the 15% Test guidelines with the carryover figure of 26.1% versus the budgeted target of 23.5%. Expenditures for contractual services (\$6.7m) and capital outlay (.5m) enabled the College to commence, continue and complete a number of capital projects at all campuses. Included in these figures is \$1.4m for debt service payments on Sustainable Energy Utility bonds issued in FY 2013. The College's financial positions remains strong during this period of economic uncertainty.

The committee expressed concern about the funds being borrowed as loans from the tuition fund to support other areas of operation. These fund amounted to \$367,504. Mr. McNesby informed the committee that these funds were needed for working capital in those areas that relied upon reimbursement from the Department of Labor and other entities that have been billed and not paid. Mr. McNesby stated he would discuss in detail with the Directors of Business Services and that all future loans would have his prior approval.

The committee also expressed concern that the college did not hit its target of \$26.9 million in carryover for the reasons discussed earlier. Mr. McNesby stated this was the first year he could recall this taking place and he will address with the Directors of Business Services.

**3. REVIEW OF SEPTEMBER 30, 2016 FISCAL REPORTS**

Mr. McNesby reported spending in the General Fund is on track at 26.8% of the annual budget 25% through the fiscal year. Credit tuition revenues of \$5.0m are down 2.1% compared to the same time period last year. Spending obligations in the tuition fund (funds encumbered under Purchase Orders) are up 4.4%. Higher percentage increases in spending are due to the fact that Fiscal 2016 had 6 pay periods during the first quarter of the fiscal year versus 7 pay periods during the current fiscal year. The carryover figure of \$15.4 million is less than the 24.6% level currently projected based on the Fiscal 2017 budget.

#### **4. REVIEW OF REQUEST FOR APPROVAL OF FY 18 OPERATING AND CAPITAL BUDGET REQUESTS TO THE OFFICE OF MANAGEMENT AND BUDGET (OMB)**

Mr. McNesby discussed the College's request to the Office of Management and Budget as follows:

1. A total of \$823.9 k is being requested in the FY 2018 General Fund operating budget request. These funds would be requested for financial aid in the Delaware Aid to Needy Students (DANS) line item. We are also recommending that the College pursue modifying legislation for DANS to include students enrolled in workforce training (non-credit) programs.
2. A total of \$15,775.0k is being requested for capital projects much the same as last year's request with the exception of the addition of the renovation and modernization projects at the Stanton and George campus libraries.
3. Continued funding is being requested for the State-wide Paramedic Program totaling \$350.0k. This funding is also being requested in the Health Fund for Fiscal 2018.
4. OMB has also requested a 1% reduction in the Fiscal 2017 appropriation (net of personnel costs) which amounts to only \$36.5k since the majority of our appropriation is personnel costs. He is recommending this amount be taken from the Associate in Arts Degree program shared between UDEL and DTCC.

#### **5. Discussion of Facilities Management**

Mr. McNesby discussed the College's proposal to modify the reporting structure for the Directors of Administrative Services. He explained that similar to Public Safety, IIT and Human Resources, the management of the College's facilities requires uniformity and the allocation of funding should be centralized. Mr. McNesby discussed the need for a College-wide Director of Facilities Management to oversee college-wide capital asset management.

There being no further business to discuss, motion was made by Mr. Griffiths and seconded by Ms. Grimes to adjourn the meeting at 4:02 p.m.

Respectfully submitted,

*Gerard M. McNesby*  
Vice President for Finance