

**DELAWARE TECHNICAL COMMUNITY COLLEGE
BOARD FINANCE COMMITTEE
Bellmoor Inn, Kent Room**

October 25, 2018

Attendees: Reginald Chandler, Mark DeVore, Daniel Ehmann, Christine Gillan, Patti Grimes, Bob Hagerty, Michael Hare, Kathy Janvier, Cornelia Johnson, Tom Lemon, Jerry McNesby, Paul Morris, Lisa Peel, Melissa Rakes, Justina Sapna, Judi Sciple and Amy Tucci.

Ms. Grimes called the meeting to order at 3:10 p.m.

1) REQUEST FOR APPROVAL OF MINUTES

Mr. Hagerty moved to approve the minutes of the June 18, 2018 Board Finance Committee meeting as submitted. Mr. Hare seconded the motion. The motion carried unanimously.

2) REVIEW OF OPERATIONS FISCAL 2018

Mr. McNesby reviewed the fiscal reports for the fiscal year ending 6/30/18 along with reports on Tuition & Fee financial activity and the 15% Test calculation as follows:

1. General Fund: Expended 100% of our \$81.1 m in General Fund.
2. Tuition Fund: Credit tuition revenues of \$39.1 m are up 4.9% compared to Fiscal Year 2017 and expenses were relatively flat.
3. Carryover: All campuses exceeded their carryover projections for Fiscal Year 2018. The final carryover figure of \$31.1 m exceeds the \$27.2 m projected for the fiscal year.
4. The final 30.1% college-wide 15% Test calculation exceeds the target level of 23.2% projected for Fiscal Year 2018.

3) REVIEW OF FISCAL REPORTS

Mr. McNesby reviewed the fiscal reports for the three months ending 9/30/18 along with reports on Tuition & Fee financial activity and the 15% Test calculation for the first three months of Fiscal 2019 as follows:

1. General Fund: Expended 25.8% of our \$81.3 m in General Fund support 25% through the fiscal year.
2. Tuition Fund: Credit tuition revenues of \$6.5 m are up 17%. This is artificially high again this month due to timing changes made to the installment payment plans this year. The second installment payment is now received earlier than in prior years.
3. Carryover: The carryover figure is \$23.8 m, which is less than the \$31.2 m projected for the fiscal year.

4. 15% Test: The current 23.1% collegewide 15% Test calculation is less than the projected 29.2% for the fiscal year.

A motion was made by Mr. Hare and seconded by Mr. Hagerty to approve the fiscal reports as submitted. The motion carried unanimously.

4) DISCUSSION OF FISCAL 2019 OPERATING & CAPITAL BUDGETS

Mr. McNesby reviewed the FY2019 fiscal highlights handout provided to the committee. While reviewing salary updates he pointed out that the adjunct rate was increased to make the College more competitive but that further research and recommendations would be made regarding the best practices for recruiting and retaining adjunct instructors. Mr. Hagerty asked for more detail regarding the Family Leave Bill and how it differs from previous practices at the College. Mr. McNesby agreed to provide a more detailed explanation as a follow-up.

Mr. McNesby reviewed the expansion of the BSN program by three positions as well as the continued funding for the EMT Paramedic Program.

With regard to the capital budget, Mr. McNesby noted that \$10 million was available for deferred maintenance at all campuses. Also, the College is applying for an additional \$10 million in project funding as part of the Higher Education Economic Development Incentive Fund. The projects the College hopes to support with this funding are a match for the Automotive Center of Excellence, the Middletown Training Center and the Culinary Arts expansion and renovation project at Stanton Campus. Mr. Hare inquired who the reviewing body was for the awarding of the grant; it is a committee including the Secretary of State, Controller General, Co-chairs of the Bond Bill Committee and the Director of the Office of Management and Budget. Mr. McNesby note the applications are due on November 2, 2018.

5) UPDATE REGARDING FISCAL 2020 BUDGET REQUEST

Mr. McNesby reviewed the FY2020 budget request submitted to the Office of Management and Budget. He shared that a positive budget target meeting was held on September 6, 2018. The operating budget priorities included:

1. Continue to expand the RN to BSN program to 360 students through fiscal 2021 from its current capacity of 204 students.

Mr. Hagerty asked about the revenues vs. cost of expanding the RN-to-BSN program and Mr. McNesby explained that receiving general funded positions from the State lifts some of the burden of costs so the College does not bear all salary and OECs for the new positions. Also, the RN-to-BSN courses have a strong on-line course offering which reduces the student to personnel ratio compared to an 8/1 student/faculty ratio for most Associate Degree courses.

2. Provide instructional support for the new Automotive Center of Excellence at the Owens Campus.
3. Commence the process of addressing salary policy for Salary Plans A, B and C in an effort to be competitive with the school districts, other state agencies and other institutions of higher education and the private sector.

The committee discussed the College's proposed salary policy. Mr. McNesby shared a handout that showed Delaware Tech ranking 17 out of 20 in key demographic categories compared to the public school districts. Mr. Hagerty and Mr. Hare both shared that the recent improvements in the economy would attest for some of the retention issues and that additional data regarding turnover would be needed to support the request. Mr. McNesby agreed that additional data and research was needed but that the College leadership felt it was the right time to open the discussion with OMB. Ms. Grimes asked what it would entail to address these issues assuming OMB responded in our favor. Mr. McNesby explained that Salary Plan A position compensation was tied to legislative code and must be addressed through the legislative process and that Salary Plan B positions are considered merit comparable and would require approvals by OMB. Mr. Hare asked if there would be any way to build in an evaluation process that awards performance. Ms. Sapna shared that that option is more problematic for Salary Plan B employees because of the state merit comparable structure. Mr. McNesby shared that the goal is to raise Delaware Tech to at least 10th among the school districts in key staff demographics over the next two years without relying on additional tuition increases. Ms. Grimes asked that the committee be kept abreast of conversations with OMB and reiterated that the committee wants the faculty and staff to know that they support retention efforts.

4. Provide dedicated support for the continued expansion of the college's dual enrollment program and partnership with other state agencies, non-profits and the private sector.

Mr. McNesby and Ms. Sapna shared the College's goal to increase dual enrollment partnerships from the 14 public school districts and two charter schools Delaware Tech currently works with while continuing to leverage the Pathways program with the state. Toward this effort, Ms. Sapna was able to hire an Administrative Intern dedicated to K-12 partnerships with the hope that this role would convert into a Director position. Also, the restructuring of the Financial Aid Division is also underway with a Director of Financial Aid position currently posted. Mr. McNesby recapped that the Financial Aid Division restructuring will centralize the back office functions while keeping the FA counselors at the campuses. The College would like to plan for an Assistant Director of Enrollment who would oversee the centralized call center. This role is commonly found at other community colleges.

Mr. Hagerty asked how the College targets dual enrollment students to convert them to Delaware Tech students and Ms. Sapna explained that there is a heavy promotion of the SEED scholarship among this population which is merit based

and is not tied to whether they qualify for other financial aid such as Pell grants. Mr. Hagerty noted that in his interactions with the public through community groups, etc. he finds that there is an impression that scholarships at Delaware Tech are need based and there is a lack of awareness and/or understanding about the merit based SEED Scholarship or other smaller, merit-based scholarships. The committee agreed that the need to educate community groups, school district staff and parents was paramount.

5. Continue to improve enrollment outreach and communication to attract new students, retain existing students, and educate the business community about the college's role in Delaware's economy.

6) OTHER BUSINESS

Mr. McNesby shared a copy of the FY2019 Budget Process presentation recently presented to the Leadership Development class. He noted that two-thirds of the FY2019 Operating Budget was dedicated to personnel costs. Ms. Grimes asked about other community colleges and Mr. McNesby shared that other community colleges typically receive 48% of their budget from state and county funding whereas Delaware Tech receives 42% of its budget from the state with very little from county/local sources. Mr. Haggerty asked if a breakout of the personnel was available. Mr. McNesby agreed to follow-up with that information.

There being no further business to discuss, motion was made by Mr. Hare and seconded by Mr. Hagerty to adjourn the meeting at 3:59 p.m.

Respectfully submitted,

Amy Tucci

Assistant to the Vice President for Finance