EDUCATION SESSION: 6 p.m.
President Tom Quinn provided a presentation of the proposed budget for 2011-2012.

BUDGET HEARING: 6:30 p.m.
Called to order at 6:32 p.m. by Chair Roy Spangler, the public was invited to speak to the board of trustees about the 2011-2012 proposed budget.

CALL TO ORDER
Chair Roy Spangler called the meeting to order at 7:01 p.m. with the Pledge of Allegiance.

ROLL CALL
Members Present: David Dougherty, MaryAnn Ferrigan, Richard Silverman, Roy Spangler, Patricia Webb, Roberta Werle
Members Absent: Denis Weiss

WELCOME
Members and guests were welcomed by Chair Roy Spangler.

PUBLIC COMMENT
Cari Talarico, student, spoke of her concern over cutting the college newspaper out of the budget. She suggested using Word Press.

MINUTES
Minutes from the March 17, 2010 regular board meeting were approved with a motion from Dave Dougherty seconded by Trustee Richard Silverman.

PRESIDENT’S REPORT
President Tom Quinn announced that Trustee Denis Weiss was absent due to heart surgery to repair a valve. He is recuperating well, but not yet up to attending this meeting.

Personnel Update
New KCC Hires: Cathy Barror has been added as an Auxiliary Daycare Worker at the Children’s Learning Center.

Promotions and Transfers: Jason Hertzberg, Part-time Instructor of Criminal Justice, has been added as a call-in Part-time Kirtland Public Safety Officer.

Recent KCC Employee Achievements, Awards, and Honors: Kristine Gipson, Title III Grant Instructional Designer, and Jennifer Sieszputowski, Instructor of Science, have been invited to present in Chicago on Friday, May 6th about how Kirtland is able to offer distance education science classes with labs.

Kirtland Community College has been awarded the Community College National Center for Community Engagement’s 2011 Service Learning and Civic Engagement Collaboration Award in the Category of: Collaboration with Social Agencies. The award will be presented on May 26, 2011 at the CCNCE National Conference in Scottsdale, Arizona.

Resignations and Retirements: Sandy Wilson, Instructor of Sonography, has submitted her resignation.
Athletics Discussion
Trustee Silverman and Trustee Dougherty propose keeping the athletics program for at least one more year. The mission of the athletic program is to market the college as a cool place to be. The program provides $60,000 in free advertising from newspaper coverage. It provides diversity, connecting our students with the community and the community with students through increased attendance at athletic events. It has an economic impact in Mio which is a benefit to the community. A proposed budget for athletics for 2011-12 moves from a deficit of $181,178 to $93,900 for a 48.17 percent difference.

Silverman stated that the college’s fund balance was not intended to last forever. We promised the taxpayers to preserve it to 2004 and we have more than accomplished that. It is time to use those funds to keep the athletic program. Trustee Dougherty added that the athletic program has given us recognition in the collegiate realm. He has seen the teams develop into an impressive group of athletes and students. It seems a shame to him to step back from that. We have a healthy balance sheet and do not need to take a stance against athletics; give it another year with the proposed management changes to make it financially viable. Silverman added that the attrition rate at the beginning of the program was high; now it is lower than it is for the average Kirtland student. Dougherty commented that we would be putting seven or eight people out of a job and asked, is that something we want to do?

Open Discussion
Student Cari Talarico said that no matter what happens with the athletics program, please keep the school mascot, Sparky. Kathryn Wallace commented that there has been no tangible recovery plan presented. Managed correctly, it should be putting revenue into the general fund. Silverman responded that we need to keep the program a year to put such a plan together which would require an ambitious fundraising program. He said that when we get to the budget as a whole, he will propose ways to free up funds for athletics as well as academic programs.

Glen Wilson noted that the revised program budget still comes up $94,000 short. How can it get better faced with the economic forecast given earlier? Silverman responded that our fund balance is extraordinarily high compared to other community colleges. He believes we can fund activities we are doing and still not go into reserves. He will present a proposal coming up with the whole budget discussion. The Headlee amendment prevents us from collecting the 2.5 mills passed by voters in 1991; we are losing 1 million dollars a year due to that. Somewhere down the road, we need to address a Headlee rollback. Wilson asked whether the proposal would lower employee benefits to save athletics. Silverman responded that whether athletics is kept or not, this budget asks employees to contribute to their health care benefits package at a significantly greater level than ever before. It is an unavoidable trend and a long-term budget issue.

Trustee Ferrigan asked how many athletes are in-district. Forty percent was the response. Men’s basketball is lower due to the level of competitiveness required to succeed. She asked how many students go beyond the community college-level into athletic careers. Kristi McGregor answered that two former players are professional athletes overseas; Nick Simpson was All-American and is trying out for the professional league. Silverman and Dougherty both agreed that athletics is an important character-building aspect of education.

Chair Spangler said that an additional outlet for student athletes from our college district was a selling point when athletics was launched. Ferrigan asked how many students are in the athletic program. Athletic Director Chris Zuiker responded, 55 students.

Trustee Dougherty pointed out that he recently saw on the Internet that the high school championship basketball coach made a salary of $160,000; seven others were listed with the lowest salary of $110,000. Silverman noted that the college needs to tie the athletic program to academic programs to show how sports can develop a revenue stream in health programs such as athletic trainer, sports medicine, etc.

Reserves Discussion
Jason Broge, Chief Financial Officer, offered Activities Classification System (ACS) data that measures similar institutions for benchmarks of operating expenses among Michigan community colleges. For unrestricted reserves, we have a 29 percent balance of operating budget in our reserves. We are the second highest in the state. The questions is, how much do we need in reserves. Peer institutions agree on 10 to 15 percent in reserves for an operating budget and rainy day fund. At 10 percent, that amount runs a college for basically two months.

Trustee Silverman pointed out that due to growth of the reserve fund, unspoken-for reserves could be used over ten years. Using reserves for operational costs is what he proposes which is not in line with current policy. However, the board has the authority to rescind current policy. With the current policy, the plan is to use unrestricted reserves for new programs, expanding into local communities and maintenance/repair of buildings and infrastructure.
A break was declared at 8:20 p.m.
The meeting resumed at 8:48 p.m.

BOARD MEMBER REPORTS/OPEN DISCUSSION
None

NEW BUSINESS/BOARD ACTION
1. Resolution to approve the 2011-2012 budget
   a. Trustee Werle recommended dividing the resolution as presented into two separate resolutions. One resolution is to approve the debt and operating millage rate. The second resolution is to move approval of the 2011-12 budget to a second reading at the next regularly scheduled board meeting. The motion to divide the resolution was made by Trustee Webb and seconded by Trustee Ferrigan. The motion was approved by voice vote.
   b. Trustee Werle moved to approve the following resolution:
      Whereas, the allowable 2011 tax levy for operating purpose is set not to exceed 2.1093 mills, 
      Now, therefore, be it resolved that the 2011 tax levy is not to exceed a rate of 2.1093 mills for operating purposes and .11 mills for debt. The resolution was seconded by Trustee Webb and approved by voice vote.
   c. Trustee Werle moved that approval of the 2011-2012 budget be presented as a second reading at the next regularly scheduled board meeting. The motion was seconded by Trustee Webb.

   Discussion
   Trustee Silverman noted that a revenue source not included previously but that was an actual cash revenue is about $50,000 in books not covered by athletic scholarships (55 student athletes over an academic year). He suggested not doing anything precipitous to suspend the athletics program. He then raised the subject of M-TEC, saying that we get around $700,000 plus, from the Otsego millage and $900,000 in tuition for about 1.6 million dollars in revenue. Looking at expenditures, even with cuts contained in this budget, we are losing between $300 and $400 thousand dollars. M-TEC was supposed to provide for high paying industrial type programs when we began, but wisely, we moved to health programs to help the balance sheet. However, he asked whether these are direct costs. The response was, yes.

   Silverman continued that one could argue, if those programs were moved to main campus, this campus looks anywhere from $400 to $600 thousand better and we would not be dealing with the reductions presented in this budget. The college would shed administrative and facility costs in Gaylord and strengthen main campus programming. This should be part of a strategic discussion of what is our goal in Otsego county. If ten years down the road, they become part of our district and pay tax mills to us, that would be fine; but short of that, a strong argument can be made, as a taxpayer of this district, to bring the programming back to this campus.

   Jason Broge responded that M-TEC represents $1.97 million in revenue less costs for a net $39,000 to the budget, not a loss. This does not negate having the discussion to see if we can do even better.

   Trustee Werle questioned the budget summary expenditures under board of trustees with an increase from last year. It was explained what the trustee travel includes mileage reimbursements and the MCCA summer workshop. Other fees include auditor’s fees, legal fees, election expenses, and representation in Lansing.

   ROLL CALL VOTE:
   Trustee Silverman, Aye
   Trustee Ferrigan, Aye
   Trustee Webb, Aye
   Chair Spangler, Aye
   Trustee Dougherty, Aye
   Secretary/Treasurer Werle, Aye

   The motion was declared carried.

2. Propane conversion bid award recommendations
   Deferred
ANNOUNCEMENTS
Commencement was noted for April 29th.

OTHER
Trustee Webb commented that she noticed the old modular houses are gone on Sunset Drive and it looks very nice.

ADJOURN
With no other business to come before the board, the meeting was declared adjourned at 9:19 p.m. by Chair Spangler.

Respectfully submitted,
Kathy Koch
Recording Secretary