CALL TO ORDER – Chair K. Ross Childs called the meeting to order at 9:31 a.m.

ROLL CALL
Trustees present: Doug Bishop, Bob Brick, K. Ross Childs, Cheryl Gore Follette, Walter “Jay” Hooper, Bill Myers, Susan Sheldon
Trustees absent: none

APPROVAL OF AGENDA – On a motion by Jay Hooper, seconded by Bill Myers, the agenda was approved.

PUBLIC INPUT – Input was received from Paul Heaton, Director of Public Relations; Deirdre Mahoney, Chair of Communications Area; and Pam Palermo, Director of Financial Aid.
Paul Heaton noted that over the last three years health care expenses have gone down 13 percent ($500,000) while employee contributions have gone up 30 percent.
Deirdre Mahoney said employees also are members of the community and have been hit by the recession. If the college were struggling financially to survive, all employees would do whatever is necessary to make the bottom line.
Pam Palermo said one of the things that drew her to NMC was the concept of being innovative and moving toward the future. While she understands having to pay a premium, she feels we are thinking archaically.

DISCUSSION: FY11 BUDGET – President Nelson pointed out that salaries and benefits have to be considered together, as they are both part of one compensation package.

Retirement - Nelson said that according to MPSERS, NMC has 106 employees who are eligible to retire under the legislation just passed. There are three MPSERS retirement categories; the impact of the new law is that all will receive a 3% wage reduction. The College is allowed to select one individual and ask him or her to defer retirement for one year. 2,500 additional deferrals will be allowed by MPSERS, pro rata. Nelson told trustees that he has communicated with all employees and advised them to seek professional advice. People have to decide by June 11. Nelson told trustees he will keep them apprised of what is going on with both the MPSERS bill and internal decision making.

Health Care Insurance Costs - NMC’s plan is not the norm, and is difficult to describe to people who are not familiar with a self-funded plan. President Nelson said, at the last meeting
Jay asked what the premium would be for our experience. The college has two plans, a high deductible and our core plan. Nelson directed trustees to the Priority illustrative rates and the premiums paid by employees of Lansing Community College, Delta Community College, Jackson Community College, and Lake Michigan Community College, as well as the current rate being paid by retirees. Not all have high deductible plans.

President Nelson said he asked Cathy Jones to build the premium structure found on p. 30 of the Budget Development Considerations document in their binders. This potential approach was discussed with Faculty Council, Benefits Advisory Committee, and the Leadership Group. Tim believes that employees have participated in the cost. This proposal recognizes there should be some cost to access. In his recommendation, the premiums would begin at the plan year of January 1, 2011, and the revenue generated by premiums would be put into a Wellness initiative for faculty and staff.

Compensation Philosophy - NMC’s compensation philosophy has been to stay near the average of our peers. Nelson noted he believes NMC still needs to be at the average, particularly in order to attract talent. Funds have been set aside in next year’s budget to fund a study of compensation and benefits, which is very important. President Nelson said he prefers not to go further until we know if we are compensating at the average.

Nelson said this is not an easy conversation to have and appreciates everyone’s willingness to have it.

Discussion:
Jay Hooper said a lot of savings came from bidding out services. He does not want to tie compensation to benefits. Annual contributions are low—usually an employer pays for the employee and the employee pays for the spouse and child. Hooper said he is not suggesting we go to the “outside” plan, but he wants everyone to understand what is “usual” outside.

Susan Sheldon said she is sympathetic to what she heard, but it is very important that we look ahead. Trustees are not looking just at the financial condition today, but what we will need a few years down the road. She expressed her appreciation for the recommendation, but said the number was a little disappointing to her. She would have preferred 5%.

Cheryl Follette noted that we are receiving less state aid and are putting more and more burden on our students. NMC always included cost as a factor of accessibility. How do we continue to fund raises, low cost health care, and retirement? Students will not be able to afford it.

President Nelson pointed out that the premise of community college funding is broken: 1/3 from the State, 1/3 from local property taxes, and 1/3 from tuition and fees. Nationally, when there are issues of access, there is an expectation for quality. Now there is an emphasis on completion and accountability, but government is not going to fund it. This forces changes for institutions. We are still the affordable option for higher education, and that is what trustees, the administration, faculty and staff want to remain. But, is it the employees’ responsibility to support students? We are resetting a lot of things in this state and country. We’re not a rich state any more. Changes need to be made, but we’re not sure what they are yet.
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Bill Myers said he thinks this is a direction we have to march in, whether we like it or not. He recommended tabling the employee contribution until 2012 and bringing new employees in at higher rate.

Bob Brick said it is trustees' responsibility to educate constituents, and they try to do that, but it is difficult with compensation. The college has done a great job increasing efficiencies and controlling costs and he understands that health care premiums would be a change. He feels, however that there is a gap between the college and the private sector.

Doug Bishop said he is still listening and studying, but he wanted to repeat his prior position. Trustees have to make decisions on these things based on the bottom line. Bishop doesn’t think we have a financial problem or a problem with public perception—and that’s not a reason to make these kind of changes.

Cheryl Gore Follette said she isn’t basing her position on any comment from the public. There is no pressure from the public, but she thinks the public would be surprised to hear about the benefits. She feels that the Board is charged with the task of being fiscally sound and making sound decisions by having people contribute to their own health care.

Susan Sheldon said she has not had any pressure, but everyone she talked to was surprised.

Bill Myers said he supports the wellness component. NMC should be a role model.

Ross Childs said he likes Bill Myers’ ideas regarding the timing of implementation. This is a start. We have to do an annual comparative analysis that we can believe in. Childs also would like to see a stronger wellness program. He would like to see a cap on total cost of health care, then come up with percentage to charge employees if it goes above. The offer in the budget recommendation is a step forward. He believes the biggest problem in the future will be retirement, not health care. Childs supports the premium proposal, a small step, and the professional analysis so we can look at a total compensation package. He believes the College is well run, well staffed, and students get a great education. He did not receive any community pressure. He recommends moving ahead with the proposal, getting the study done, and considering a cap for the future.

Chris Keenan, Director of Human Resources, pointed out that employees pay premiums for dental insurance and 50% of the cost. For Vision, employees pay 100% of the premium; the college only administers. She said employees have paid more every year, both in premiums and the cost of medical expenses.

Jay Hooper said the college should bid out dental and vision; Cathy Jones indicated that we did bid them out.

Balance of the Budget
Doug Bishop said his primary desire to have this study session was to discuss health care, and he did not require further discussion on the budget.

Bill Myers asked what is new since the last presentation of the budget. Nelson replied there is $1 million built into the budget for new employees and some overlaps for succession planning.
Bill Myers asked if it would be possible to wait until after June 11 (retiree deadline) to pass the budget. Nelson said waiting longer takes planning away from students. If there is a severe shift in assumptions, we can ask for a budget change. He prefers action now and monitor and change if needed. Nelson noted there is a risk that after elections we could see severe changes that will impact the college. He said we are asking eligible retirees to let us know before the next meeting, but they do not have to do so. Some may not have made up their minds, but we do expect our employees will let us know.

If trustees have questions or issues, they should direction them to Tim Nelson. Ross asked Nelson to run Bill’s suggestion and offer that option at Monday’s board meeting. Cheryl noted she likes Susan Sheldon’s suggestion of 5%.

**ADJOURNMENT** – The special meeting adjourned at 10:55 a.m.

Recorded by Karen Sabin

SIGNED

K. Ross Childs, Chair

ATTESTED

William Myers, Secretary