



Millage Proposal Q & A

ABOUT THE PROPOSED MILLAGE	2
• What's a millage?	
• Who are we asking?	
• Does LMC already have a millage?	
• When was LMC's last millage?	
HOW MUCH ARE WE ASKING?	3
• What will it cost me?	
• Have you looked into other sources of funding?	
• Can't you just raise tuition?	
HOW WILL THE MILLAGE CAMPAIGN WORK?	4
• Phase I. Exploration & Outreach	
• Phase II. Public Campaign	
• Who will vote in this election?	
• What if we propose a millage and it doesn't pass?	
• Will there be other millages on this ballot?	
• How can residents learn more and/or comment on the millage proposal?	
WHY NOW?	6
• Isn't this kind of out of the blue?	
• Didn't LMC just have a fundraising campaign?	
• Isn't enrollment declining?	
• What's the solution to increasing education in our region?	
• Why do this during the general election?	
• What about the presidential transition?	
HOW WOULD MILLAGE PROCEEDS BE USED?	8
• Three key areas, 10 projects and why they're important	
• Why did we choose these projects?	
• Are we good stewards of the resources we have?	
HOW WILL THESE PROJECTS BENEFIT OUR COMMUNITIES?	12
○ Economy	
○ Businesses	
○ Students and Families	

ABOUT THE PROPOSED MILLAGE

Lake Michigan College is considering placing a capital millage proposal on the November 8, 2016 ballot. If passed, it will support capital projects that will contribute substantially to delivering an educated, well-trained workforce, more jobs and a stronger local economy.

WHAT'S A MILLAGE?

A millage is a property tax that is based on a percentage of how much a property is assessed as being worth. The millage rate is the amount per \$1,000 that is used to calculate taxes on property.

WHAT'S A CAPITAL MILLAGE?

A capital millage is a millage that is allocated for the sole purpose of making major repairs, renovations and construction of college facilities – it can only be used to purchase, construct, or renovate capital items, such as academic equipment, classroom renovations, and security entrances. It cannot be used to fund operating expenses such as payroll or utilities.

WHO ARE WE ASKING?

About 137,000 registered voters in our service area of Berrien County, South Haven Public School District and Covert Township.

DOES LMC ALREADY HAVE A MILLAGE?

Yes – a small one. In fact, at 1.7854 mills, LMC's is the 24th lowest millage among Michigan's 28 community colleges. Even if LMC passes a new millage as proposed, we would still rank 21st.

WHEN WAS LMC'S LAST MILLAGE?

LMC has never had a capital millage. And it's been 20 years since LMC received a new operating millage (0.25 mills in 1996). We haven't tried to place one on the ballot in almost a decade (0.49 mills in 2008). That last one didn't quite get enough votes to pass (48% for, 52% against), but we largely chalk it up to happening smack dab in the middle of the Great Recession.

HOW MUCH ARE WE ASKING?

The proposal being considered is 0.25 mills (one-quarter of one mill) to fully fund \$40 million worth of game-changing improvements to the College over the next 20 years.

WHAT WILL IT COST ME?

It depends on the value of any property you own. For example, if your home is worth \$100,000, it has a taxable value of \$50,000, so a millage of 0.25 mills would cost you about \$1.04 each month.

JUST OVER \$1 A MONTH? THAT'S IT?

Yes. The value of the taxable property within the College's district is relatively large. This helps to lessen the tax impact on property owners.

STILL, WON'T THIS BE A BURDEN ON LOW-INCOME FAMILIES AND SENIORS?

We understand that even \$12.48 per year will be a burden to some folks and we don't take that fact for granted. But knowing that every \$1 invested in community colleges returns \$6.80 gained in benefits to taxpayers (EMSI, 2014) gives us confidence in the overall value to area families and the region's economy.

HAVE YOU LOOKED INTO OTHER SOURCES OF FUNDING?

Absolutely. In fact, we've already raised \$16 million through private donations and state and federal grants. These monies are being used to fund important new projects like the Hanson Technology Center. The College is also investing about \$24 million of general fund monies in critical capital improvements at each campus.

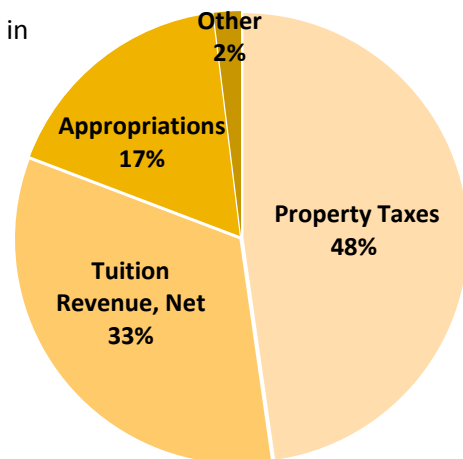
CAN'T YOU JUST RAISE TUITION?

Many are surprised to learn that revenue from tuition and fees only covers about 34% of LMC's operating expenses. We did raise tuition for the 2016-17 school year by \$3 per contact hour, but the increase basically just helps us keep up with inflation. A lot of other colleges went higher, but that's not our style. LMC wants to keep college affordable and accessible to everyone – and we still have the lowest tuition in the region.

HOW IS THE COLLEGE FUNDED, ANYWAY?

The budget for 2015-16 reflected the following funding percentages:

- **State Appropriations - 17%**
(State aid has dropped from 32% of LMC's budget in 2001, to just 16% - the lowest on record.)
- **Tuition and Fees - 33%**
- **Property Taxes – 48%**
- **Other – 2%**



HOW WILL THE MILLAGE CAMPAIGN WORK?

The campaign is designed to roll out in multiple phases. Each phase will be tailored to specific targeted audiences with customized communication strategies, channels and tools to reach our voting population. Below is the basic campaign plan and timeline.

Phase I: Exploration & Outreach

December 2015 – March 2016

- A. Completed needs assessment and voter analysis
- B. Hired a consultant with proven state and national success
- C. Established an internal committee to work on the campaign
- D. Developed database of key influencers throughout region and began outreach
- E. Defined which proposals to test with voter samples
- F. Developed the millage's core argument
- G. Recruited a 35-member Citizen Task Force of business, industry, and civic leaders

April – May

- A. Employee Information Meetings
- B. Citizen Task Force Meetings – April 13, May 5, June 14
- C. Key Influencer Letter Mailing
- D. Mailing to all Active Voter Households
- E. Newsletter to all Active Voter Households
- F. Community Presentations

May – June

- A. Public Meetings
- B. Mail Survey
- C. Phone Poll to test two proposal options and campaign message
- D. Citizen Task Force Recommendations
- E. Follow-Up Letter

July: Go, or no-go?

In July, the Citizen Task Force will make a recommendation to the Board of Trustees on whether or not to move forward with a proposal on the November ballot. The Board will make a decision before August 16 and, if approved, the Phase II campaign begins.

Phase II: Public Campaign

This phase is different because it won't be paid for with College funds or by staff working on College time. A ballot question committee will raise private donations to pay for this phase (if we get there).

August – November

- Organization
- Fundraising
- Supporter Database
- Community Events
- Presentations
- Signage
- Direct Mail
- Social Media
- Voter ID
- Canvassing/Lit Drop
- Letters to Editor
- Print Ads
- GOTV/Other

WHO WILL VOTE IN THIS ELECTION?

LMC’s service area includes about 137,000 registered voters in Berrien County, South Haven Public School District, and Covert Township.

Of those:

- Estimated Voter Turnout: 80,912 likely district voters from 49,671 households
- Gender breakdown: Male-46%, Female-54%
- Age breakdown: 18-40- 25%; 41-60-36%; >60-38%

WHAT IF WE PROPOSE A MILLAGE AND IT DOESN’T PASS?

The College would likely:

1. Consider a staggered debt borrowing schedule over many years to pay for the highest-priority capital, critical maintenance and safety projects. As a result, the cost to complete the projects would increase due to more long-term debt issuance and interest costs.
2. Once the borrowing capacity of the College was reached, work would continue on the next tier of priority capital projects as funding permitted – maybe over 30-40 years instead of 20, for instance.
3. Based on what funding for capital investment was ultimately available from College resources, the College would need to carefully review and reevaluate the impact of all instructional and support programs at the College.

WILL OTHER ORGANIZATIONS HAVE MILLAGES ON THIS BALLOT?

We are not yet aware of any millage proposals on the November ballot. The deadline for organizations to place proposals on the November ballot is August 16.

We are aware of the St. Joseph High School millage in May and that the millage renewals for the St. Joe Township library and the airport will occur during a special election in August.

HOW CAN PEOPLE LEARN MORE OR COMMENT ABOUT THE MILLAGE PROPOSAL?

LMC will be hosting multiple community outreach meetings this spring and early summer. These meeting dates and times will be posted on the College’s website. The College will also conduct a community opinion survey (mail survey) in May.

WHY NOW?

WHY DO THIS DURING THE GENERAL ELECTION?

- Our needs are immediate. We have to keep pace with labor market demand, new workplace and learning technologies and student expectations.
- Borrowing costs are near historic lows, and construction costs continue to climb. The longer we wait on these projects, the more they will cost.
- A larger voter turnout means more people have a voice in shaping LMC's future.
- We have strong ties with our communities and believe we can break through the election noise to reach voters.

ISN'T THIS KIND OF OUT OF THE BLUE?

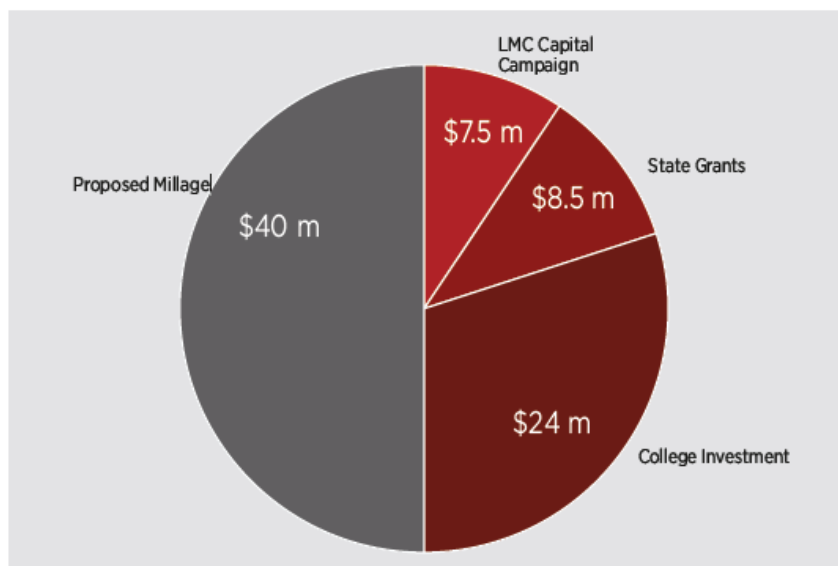
No. This is a long time coming. In July 2013, a Blue Ribbon Summit brought together community, industry and education leaders to forecast the region's greatest needs within the next three to five years. Priority projects to meet these needs were determined, and the costs to make them a reality were estimated at a total of \$80 million.

We knew we couldn't possibly address all of the College's needs without community support, but it was important to do everything we could to reduce the burden to taxpayers, so a multi-phase plan was developed to first assess the funding the College could commit, then raise private donations, then secure grants and, finally, a millage.

DIDN'T LMC JUST HAVE A FUNDRAISING CAMPAIGN?

Yes. The LMC Foundation is nearing the successful completion of its Campaign for Tomorrow. We've raised almost \$7.5 million in private and public donations in support of the Hanson Technology Center project, the Wine & Culinary Education Center, The Mendel Center, the Edward J. Todd Business Education & Resource Center, and other projects. The fundraising campaign was the second step in a multi-phase approach to funding our priority projects.

Through its \$7.5+ million capital campaign, the procurement of an \$8.5 million state capital outlay grant, and strategic use of other grants and College resources, the **College stands prepared to fund \$40 million of the total need.**



ISN'T ENROLLMENT DECLINING?

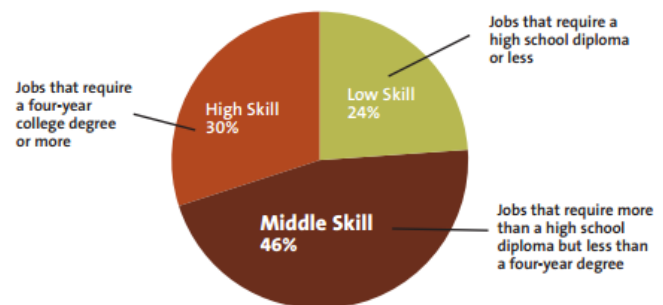
Yes. College enrollment is declining across the country as the economy recovers and more working-age adults are able to find employment. Also, there are just simply fewer numbers in the population because of declining birth rates (Michigan ranks 46th for percentage of 25-34 year olds) and almost a decade of recession-era out-migration to other states. Despite the odds, we forecast LMC's 2016-17 school year enrollment will be a little closer to pre-recession levels, but we have to keep innovating and improving to attract and retain the prospective students who want to learn, live and work in this region.

The problem we are trying to solve with these projects is not a shortage of people; it's the shortage of people with the education and skills to meet the emerging needs of business and industry.

College (from professional/technical certificates, to advanced degrees) is a necessity in our increasingly knowledge-based economy.

Labor market projections indicate that 76% of all job openings require postsecondary education, yet only 35% of Berrien County residents and 27.51% of Van Buren county residents ages 25-64 hold an associate degree or higher (Michigan.gov/lmi).

FIGURE 2. Michigan's Total Job Openings by Skill Level, 2006-2016



Source: Calculated by TWA from Michigan Department of Energy, Labor and Economic Growth data.

WHAT'S THE SOLUTION TO INCREASING EDUCATION IN OUR REGION?

- Create modern learning environments to attract more students
- Give current students the support they need to stay in school
- Incorporate new technologies and flexible program designs that make it easier for working adults to learn while they earn a living
- Improve accessibility for students in rural areas
- Offer programs and credentials that are relevant and marketable

WHAT ABOUT LMC'S PRESIDENTIAL TRANSITION?

LMC will continue to thrive despite our recent disruption in leadership. These initiatives are driven by the needs of our communities. These projects have been in development for years and the charge to LMC's next president will be to keep the momentum that has been built collectively by LMC's board, our K-12 partners, regional business and industry and the communities that support us. LMC has put contractual and insurance protections in place to guard its resources against many types of contingencies. LMC's Board of Trustees has appointed retired president Dr. Bob Harrison to temporarily serve as president emeritus/acting CEO while they search for the next president. As of May 17, a specific deadline has not been set, but LMC continues to run smoothly under a dedicated team of experienced professionals.

HOW WOULD MILLAGE PROCEEDS BE USED?

THREE KEY AREAS, 10 PROJECTS & WHY THEY'RE IMPORTANT

Proceeds from the millage would be used to fund projects in three key areas:

1. ACADEMIC & STUDENT SUCCESS

Specific projects and dollar amounts supported by millage include:

- Modernize Teaching and Learning Spaces (all campuses) - \$7,614,000
 - 50 Classrooms and 2 Lecture Halls at Napier Campus
 - South Haven Campus Classrooms
 - Napier & Bertrand Student Success Centers
 - Business Education & Resource Center
- Wine & Culinary Education Center - \$2,675,000
- Instructional Technology & Program Equipment (all campuses) - \$5,175,500

Why are these projects important?



Modernizing instructional spaces at all LMC campuses and equipping them with up-to-date technologies will allow the College to expand programming in growth industries like health sciences, technology, manufacturing and hospitality. Exposing students to real-world tools better prepares them to succeed in their careers after college.

The quality of school facilities is directly linked to academic achievement and teacher retention

“Well-designed school facilities significantly bolster whatever human inputs our students receive. On the other hand, poorly designed or maintained buildings threaten to undermine every other effort we may put into our educational system.” (Center for Innovative School Facilities, 2011)

“The research on school building conditions and student outcomes finds a consistent relationship between poor facilities and poor performance: when school facilities are clean, in good repair, and designed to support high academic standards, there will be higher student achievement, independent of student socioeconomic status.” (Building Educ. Success Together, 2006)

“[T]he benefits of facility improvement for [teacher] retention can be equal to or even greater than those from pay increases. Furthermore, a major facilities improvement is likely to be a one-time expense, [and] last for many years....” (National Clearinghouse for Educational Facilities, 2004)



Redesigned Student Success Centers will feature vibrant, flexible environments where students will collaborate with peers, faculty, mentors, and coaches to build their plans for success. Each Student Success Center will function as the campus epicenter and will serve all students from the academically gifted to those initially under-prepared for college work. By changing the physical footprints we will gain more learning space, a more welcoming student services

space, and support-service spaces for tutoring, workforce placement, mentoring, transfer services, career counseling and other services that contribute significantly to the success of our students.



The Niles Bertrand Crossing campus' 18-year-old student services space is dated and lacks functionality. We need to assure compliance with federal regulations by giving students the ability to discuss financial aid in privacy and also improve spaces to meet and collaborate.

South Haven Campus

Built in 2003, the South Haven campus classrooms (the science labs, in particular) are in need of updates and upgrades to increase program offerings (such as expanded health science programming) and flexibility in instructional usage.



The Wine & Culinary Education Center

will be an inviting, fully-functioning winery and educational facility where students will experience all aspects of winemaking and vineyard management, as well as be the home of LMC's continually evolving culinary management program. The operating student-run commercial winery and in-ground wine storage facility will be nestled amidst a rotating vineyard with vines in various stages of production.



The Edward J. Todd Business Education & Resource Center

(BERC) is a multi-purpose space that will allow students, faculty, and aspiring entrepreneurs to study, interact, and work to enhance their learning experience. With dedicated classrooms and workspace to accommodate course-specific software, in-class research, and project-based learning, the BERC will offer programs and activities designed to maximize student exposure to business and leadership principles and practices.

2. SAFETY, SECURITY & CRITICAL CAPITAL IMPROVEMENTS

Specific projects and dollar amounts supported by millage include:

- Safety & Security Upgrades (all campuses) - \$1,678,000
- Energy Efficiency Improvements - \$2,168,500
- Critical Capital Improvements (all campuses) - \$16,591,000

Why are these projects important?

- **Protecting our students, staff and guests is essential.** Upgrading entryways, adding security cameras and addressing other essentials will allow the College to create the environment where safety is clearly a priority.
- **Replacing the College's 50-year-old heating, ventilation and air conditioning system** will create not only a more comfortable learning environment for our students but will reduce energy costs by an estimated \$300,000 annually.
- Addressing other **major facility preservation projects** will result in reduced operating and emergency maintenance costs and will extend the useful life of our existing facilities. This helps keep college more affordable.
- **South Haven students, faculty, and staff have truly built a community on their campus.** The building is now 15 years old and is ready for re-investment that will allow us to keep the campus in pristine condition and allow it to continue to be the pride of the community.

3. THE MENDEL CENTER

Specific projects and dollar amounts supported by millage include:

- Renovations and Equipment Replacement - \$4,388,000

More than 100,000 people visit the Mendel Center each year. It is one of the region's most important cultural and meeting centers, and home to the College's performing arts programs. It draws nationally-known performers and speakers, conferences, educational workshops and competitions.

It is the **area's only facility with the capacity** to host many of the community's most important events. More than 700 events are held there annually, including community events like Economic Club and Senior Expo, and educational events like First Robotics, MSBOA music competition and the Fine Arts Festival.

***More than 100,000
people visit the Mendel
Center each year***



Concept 3 BANQUET INTERIOR



Angular details create movement in the ceiling plane, providing continuity between rooms and consistent acoustical performance. Ambient lighting is provided between the panels at varied elevations.

Although many operational improvements have been implemented in the last three years to improve efficiencies, The **Mendel Center is nearly 40-years-old and in dire need of repair and aesthetic and technological improvements.** In order to stay relevant as event venue competition in the region increases, it will need updated sound, lighting and presentation technologies. This is an important community resource, and accordingly we believe the community stands ready to invest in its future as a cultural destination and space to gather for meetings, functions, and celebrations.

WHY WERE THESE PARTICULAR PROJECTS CHOSEN?

Every five years we do a thorough assessment of our facilities. We do a detailed, systematic review of existing and impending needs with facility and maintenance professionals. A space study is also periodically undertaken (about once every five years) within our college community to ensure the current plan is appropriate and that our current plans are conforming to the best and highest use of the space.

Ultimately our list includes only high-priority items and critical issues. Like all organizations there are so many areas that we would like to have addressed – but we separated out the “wants” from the “needs.” We believe we need to focus on those that protect the community’s investment in its facilities, ensure the quality and currency of our programs, support student success, and continue the community tradition of the regional gem that is our Mendel Center. Our project list does those things.

WHY NOT FOCUS EXCLUSIVELY ON FIXING UP EXISTING BUILDINGS?

The Board of Trustees, as well as the business and industry leaders who have been involved in the College’s long-term planning efforts, strongly believe that it will take both new instructional spaces and upgrading of existing facilities for LMC to properly meet the education and workforce training needs of our region.

WOULD THE MILLAGE BE USED TO HELP PAY DEBT SERVICES ON A FUTURE BOND ISSUE?

The proposed millage could be used, in part, to pay on any bonds we issued to facilitate the cash flow and accommodate the timing of construction on the State capital outlay grant projects. The alternative approach would be to address projects on a pay-as-you-go basis, which would, however, likely result in the College being able to fund fewer projects due to construction cost inflation.

ARE WE GOOD STEWARDS OF THE RESOURCES WE HAVE?

Absolutely. But don’t take our word for it.

- Standard & Poor, the international credit rating agency, ranks LMC the highest of all of its Michigan community colleges with an AA+ credit worthiness rating.
- The Higher Learning Commission (“HLC”, our accrediting body) calls LMC “financially stable.” They’ve given consistently positive feedback on LMC’s finances during their recent reviews, and we maintain the cash reserve levels that the HLC strongly recommends.
- Auditors consistently rank LMC with the highest outcome an auditor can give (specifically, an “unqualified” opinion).

HOW WILL THESE PROJECTS BENEFIT OUR COMMUNITIES?

Supporting education is supporting economic development. Study after study correlates an educated population with better jobs, higher wages, stronger families, improved health and improved quality of life. Accordingly, we anticipate many direct and indirect benefits associated with the proposed millage. And because improvements are planned for all three LMC campuses, the benefits will be felt from Allegan to New Buffalo.



(EMSI Middle-Skill Spotlight)

BENEFITING THE ECONOMY BY:

- Attracting and retaining businesses and start-up companies
- Creating more well-paying jobs
- Strengthening local property values
- Taxpayer perspective:
 - The national average annual rate of return on community colleges for taxpayers is 14.3%
 - Every \$1 in costs returns \$6.80 in benefits
 - Added tax revenue stemming from the students' higher lifetime incomes
 - Increased output of businesses
 - Savings to the public sector in benefits due to a reduced demand for government-funded services

Sources online:

http://www.aacc.nche.edu/About/Documents/USA_AGG_MainReport_Final_021114.pdf

http://www.aacc.nche.edu/About/Documents/USA_AGG_FactSheet_Final_021114.pdf

<http://www.economicmodeling.com/cc-report2014/>

BENEFITING BUSINESSES BY:

- Meeting the workforce training needs of rapidly growing industries in Southwest Michigan, including healthcare, technology, manufacturing and tourism.
- Producing more and better educated workers for our businesses to employ – right here at home.
- Likely increasing business not only for local subcontractors but also for local retailers, gas stations, restaurants, lumber yards, hardware stores and other businesses through the continuing College renovation and renewal projects.

BENEFITING STUDENTS & FAMILIES BY:

- Providing students with real-world technologies and productive learning environments to keep them engaged and better prepared to succeed.
- Remembering that community colleges are designed to be accessible and affordable to all. Focusing on projects that will boost student success, and that modernize classrooms and improve instructional technology will benefit all students by motivating them to come to college, and will help them succeed in their careers or whatever their next steps may be.
- Promoting our Start to Finish (S2F) program through expansion of our Student Success Centers S2F is a program that was developed as a direct response to the Benton Harbor High School student need. The S2F program tells the story of how we are helping the at-risk student population and investing in them.
- Providing a more safe and secure environment where students and community members can come to learn, study, gather, celebrate and more.