


Mott Community College



*Board of Trustees
Regular Meeting
June 28, 2010*

BUDGET RESOLUTIONS

***FINAL FY09-10 AMENDED
BUDGET:
General Fund***



Final FY09-10 General Fund Budget

Summary

	08-09 Actual	09-10 Amend #1	09-10 Amend #2
Revenues	\$ 72,489,551	\$ 74,866,017	\$ 75,871,547
Expenditures	72,305,462	74,855,766	75,860,983
Excess Revenues Over Expenditures	\$ 184,089	\$ 10,251	\$ 10,564
Fund Balance – Beginning	\$ 6,598,226	\$ 6,782,315	\$ 6,782,315
Fund Balance – Ending	\$ 6,782,315	\$ 6,792,566	\$ 6,792,879
Fund Balance Percent*	9.38%	9.07%	8.95%

**Target = 5% - 10% of Expenditure budget*

Final FY09-10 General Fund Budget

NET RESULTS OF AMENDMENT:

● FUND BALANCE : ↑ \$313 just slightly higher than the January Amended Budget

● 6/30/10 projected to end with \$10,564 surplus, for total of \$6.79 million

FUNDING SOURCES

State Aid

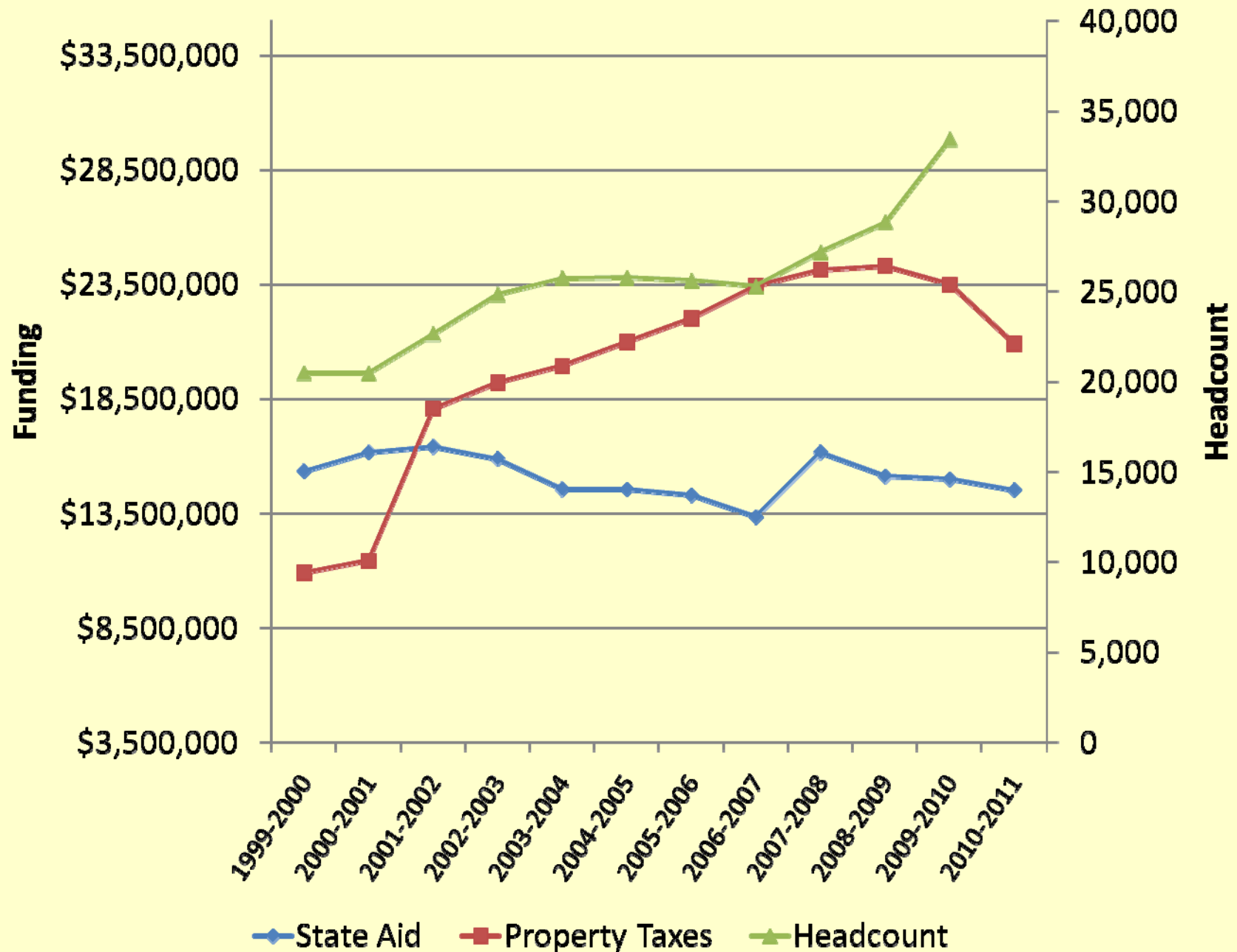
Property Taxes

-Operating

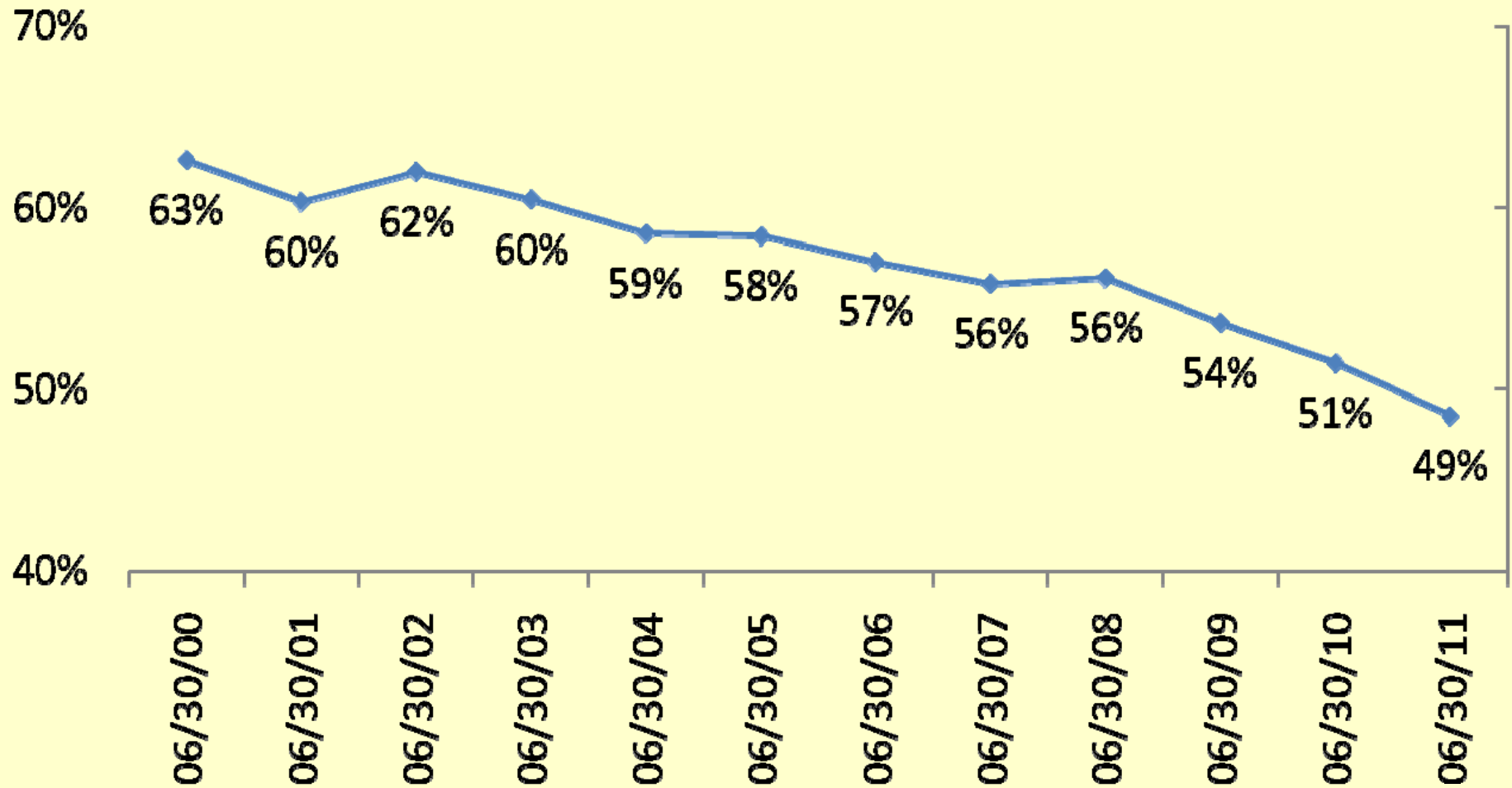
-Debt

Tuition

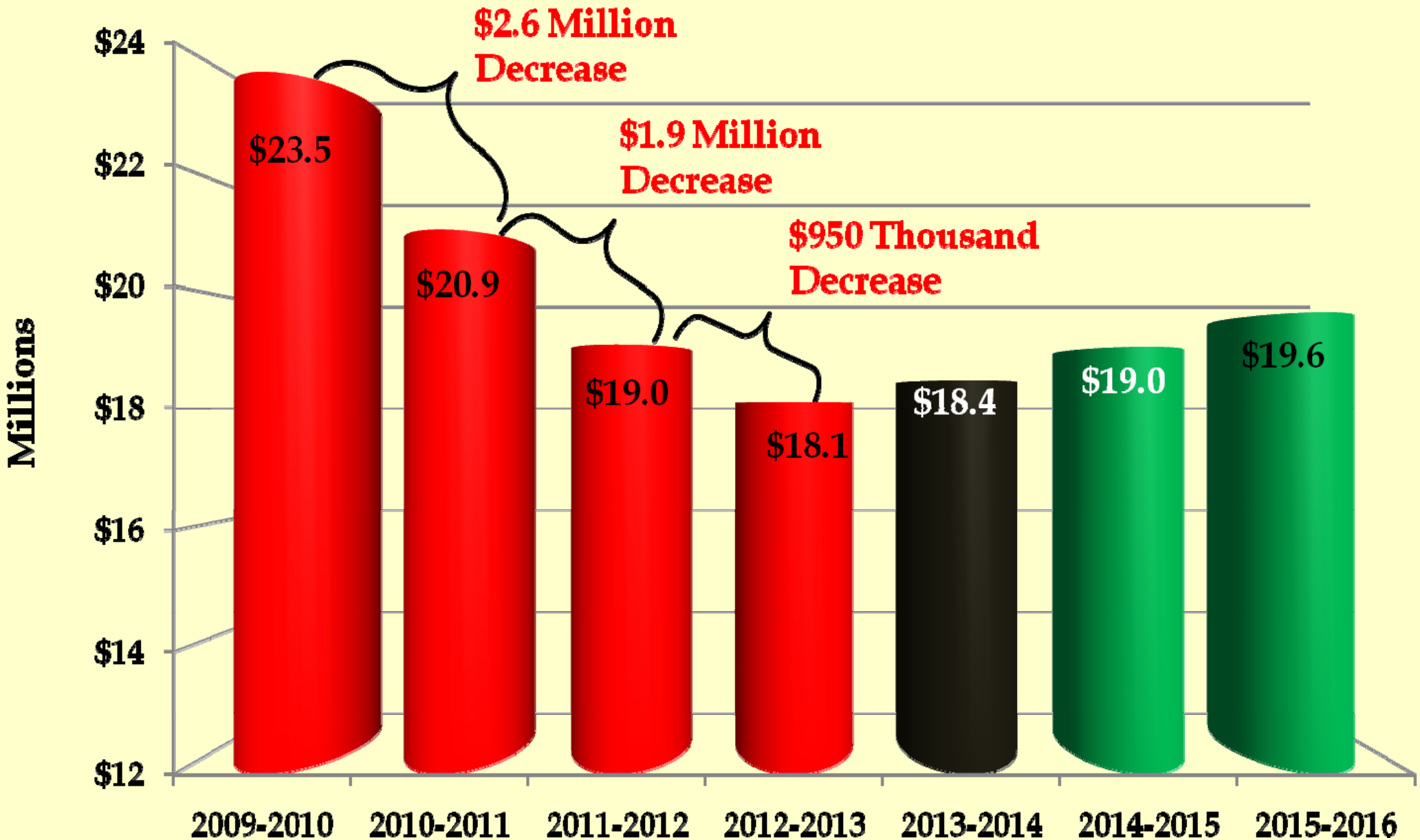
Trends in Funding Sources & Enrollment



Percentage of Property Tax and State Aid of Total Funding



Projected Property Tax Funding FYE 2010 through FYE 2016



Bond Funds

1. County and City Taxable Values will decline by 11% this Budget Year
2. The Financial Impact (Shortfall) to the Bond Funds will be \$1.4 million in the 10/11 year.
3. We are legally required to levy a millage rate that will be sufficient to collect enough dollars to make the current year required payments

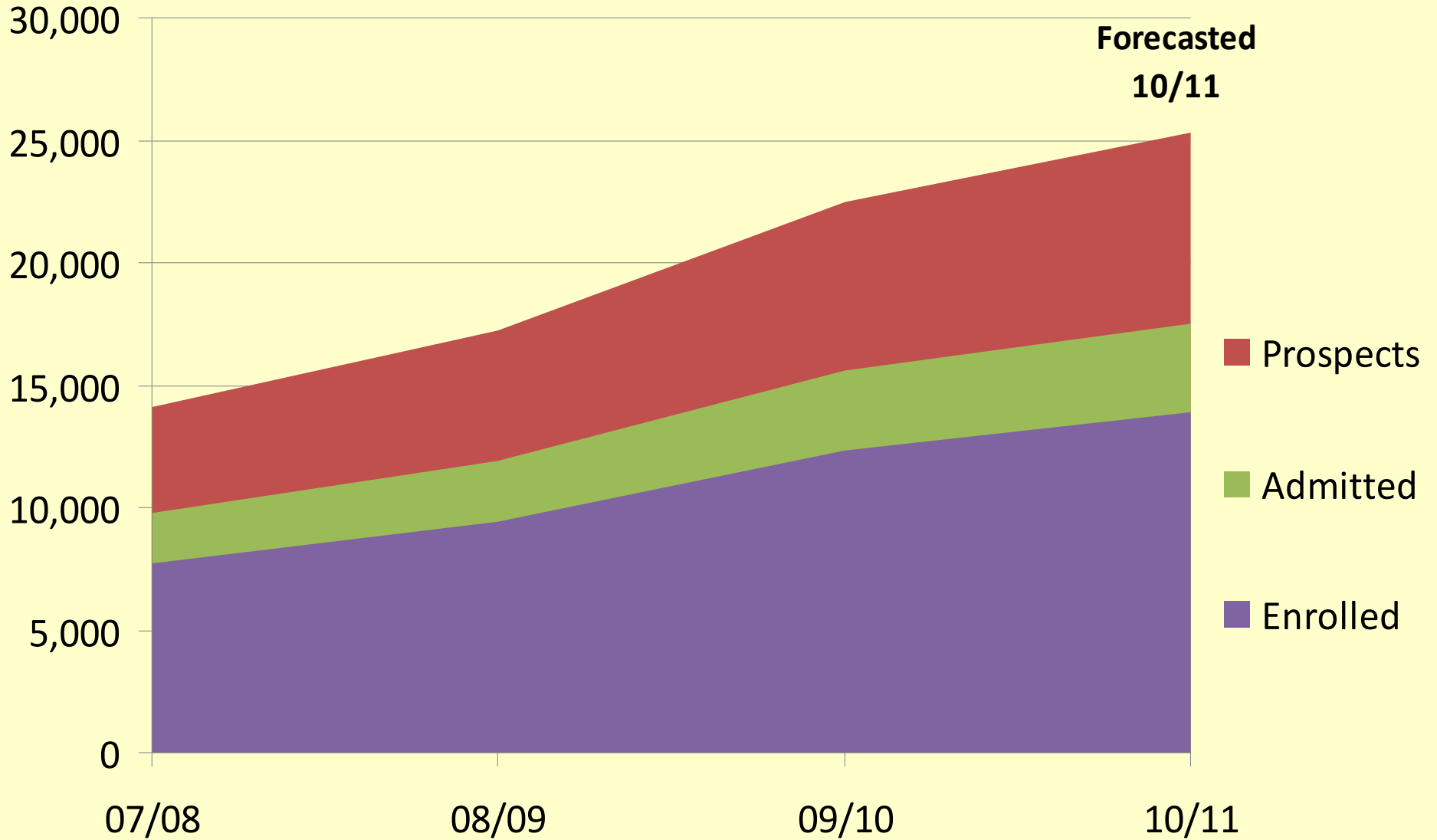
-OR-

Have enough funds available from other sources to cover any shortfall from a lower millage rate.

The Financial Aid Challenge

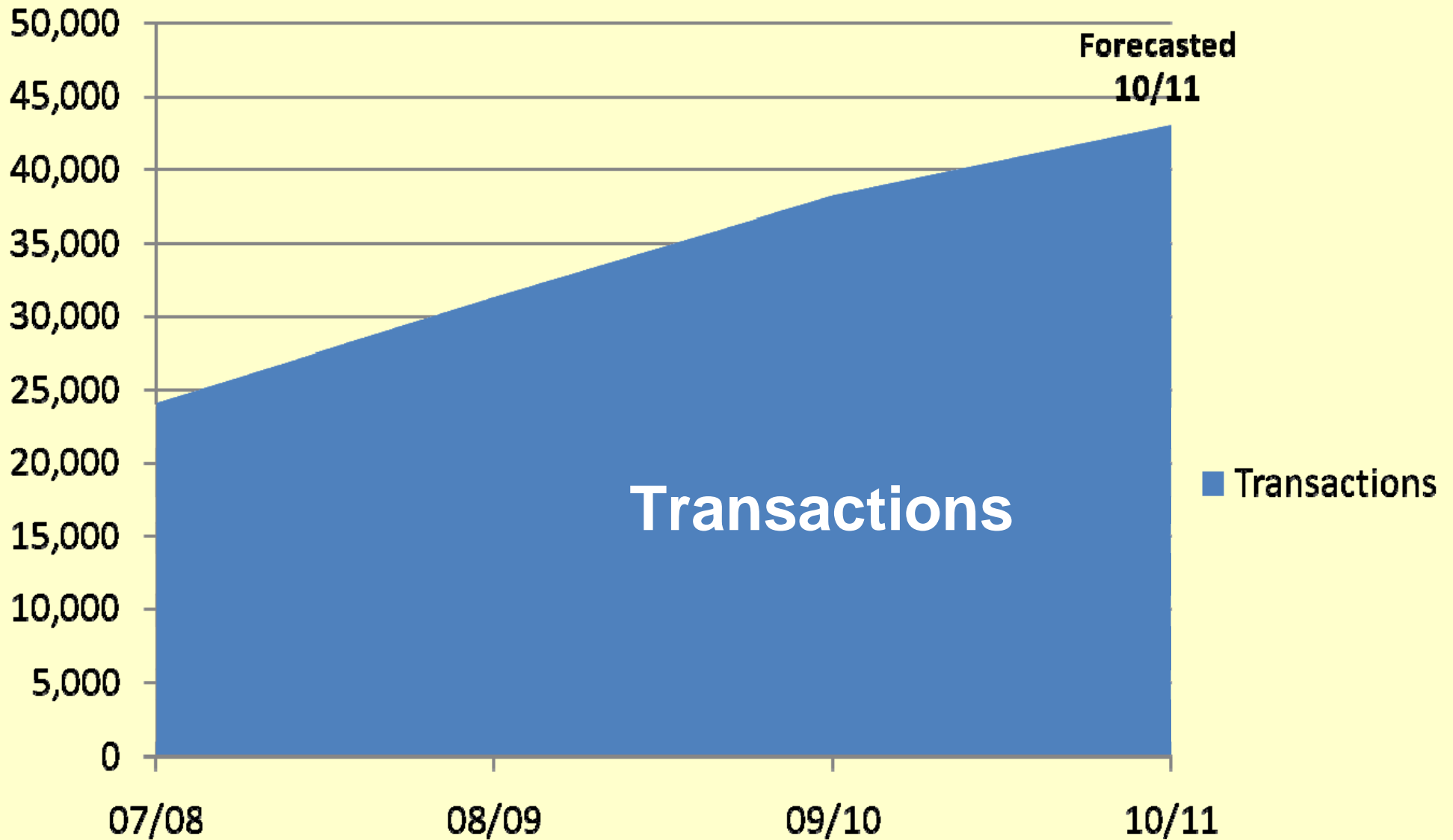
FAFSA Submissions

(Free Application for Federal Student Aid)



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What Have We Done Regarding Controlling/Cutting Costs?

Expenditure Reductions

1) Energy Conservation Project

- Utility costs averaged 8.2% in 2003, Now they are 2.4%
- Savings \$520K

2) Hold on vacant positions

- Average savings of \$800K per year

3) Change in timing of custodial shift

- Savings of approximately \$170K per year

4) Eliminating and restructuring food service

- Was losing approximately \$100K per year
- Now generating \$48K per year in revenues

Expenditure Reductions

5) Utility Reduction Analyst Project

- Resulted in \$720K savings between 2004-2010 on Telecommunications/IT, Water, and Waste

6) Employee Contract Bargaining

- Employees agreed to pay freezes with incremental increases over 9 years at 1.35%
- Industry average is 2.8%
 - Savings of \$460K per year

7) Course Section Efficiency

- Maximizing section seat count before adding new sections

8) Discretionary budget cuts

- Average savings of \$400K per year

Expenditure Reductions

9) Reduction of ORP (optional retirement plan) costs

- Average annual savings of \$400K

10) Combining Deans position

- Fine Arts and Social Science combined saving \$168K per year

12) Outsourcing custodial and grounds work at sites

- Savings of approx. \$350K per year

13) Changes to health insurance coverage and plans

- Savings \$500K

14) New print shop lease

- Savings of \$200,000 per year

PROPOSED FY10-11 BUDGET





RELEVANT BOARD POLICIES:


- **3100 Budget Adoption.** *“Budget revisions will be brought forward for Board action as necessary, but not less than twice per year in January and June.”*
- **3920,3930 Financial Stability, Fiscal Reserves.** *“The College will designate and set aside appropriate fund reserves to support plans for long-term capital and operating commitments.”*
- **5100 Compensation Philosophy.** *“The Board has determined based on long-term budget projections, and other related budget data, that total compensation/benefits should not exceed 77% of the total operating budget.”*

STRATEGIC PLAN

7-0. Budget/Finance

 7-1. Focus on controllable revenues and costs to sustain our current reputation and facilities and provide funding for strategic priorities

 7-2. Establish short and long-term budget and finance priorities that provide a balanced approach to the needs of a learning organization with the flexibility to realign resources







 7-3. Implement a comprehensive strategy to address the long-term deficit which enables us to continue to provide affordable high quality education

STRATEGIC INITIATIVES FOR 2010-11

- *Allocation for 2010-11 is \$50,000 for AQIP*
- *\$150,000 allocated for Department/Division level strategic planning*
- *Current AQIP Action Projects :*
 - *Developmental Education/Mandatory Placement*
 - *Non-Academic Student Readiness*
 - *Comprehensive Wellness Program*
 - *Wait List/Retention Alert*

PROPOSED FY10-11 BUDGET

No Change in Budget Principles.
Uncertainty still remains.

-  *Budget must support Strategic Plans*
-  *Minimize/offset impact on Students*
-  *Avoid overall reduction in Staffing*
-  *Maintain Fund Balance/Reserves*
-  *Maintain flexibility in Budget*
-  *Balanced Approach*

Initial FY10-011 General Fund Budget

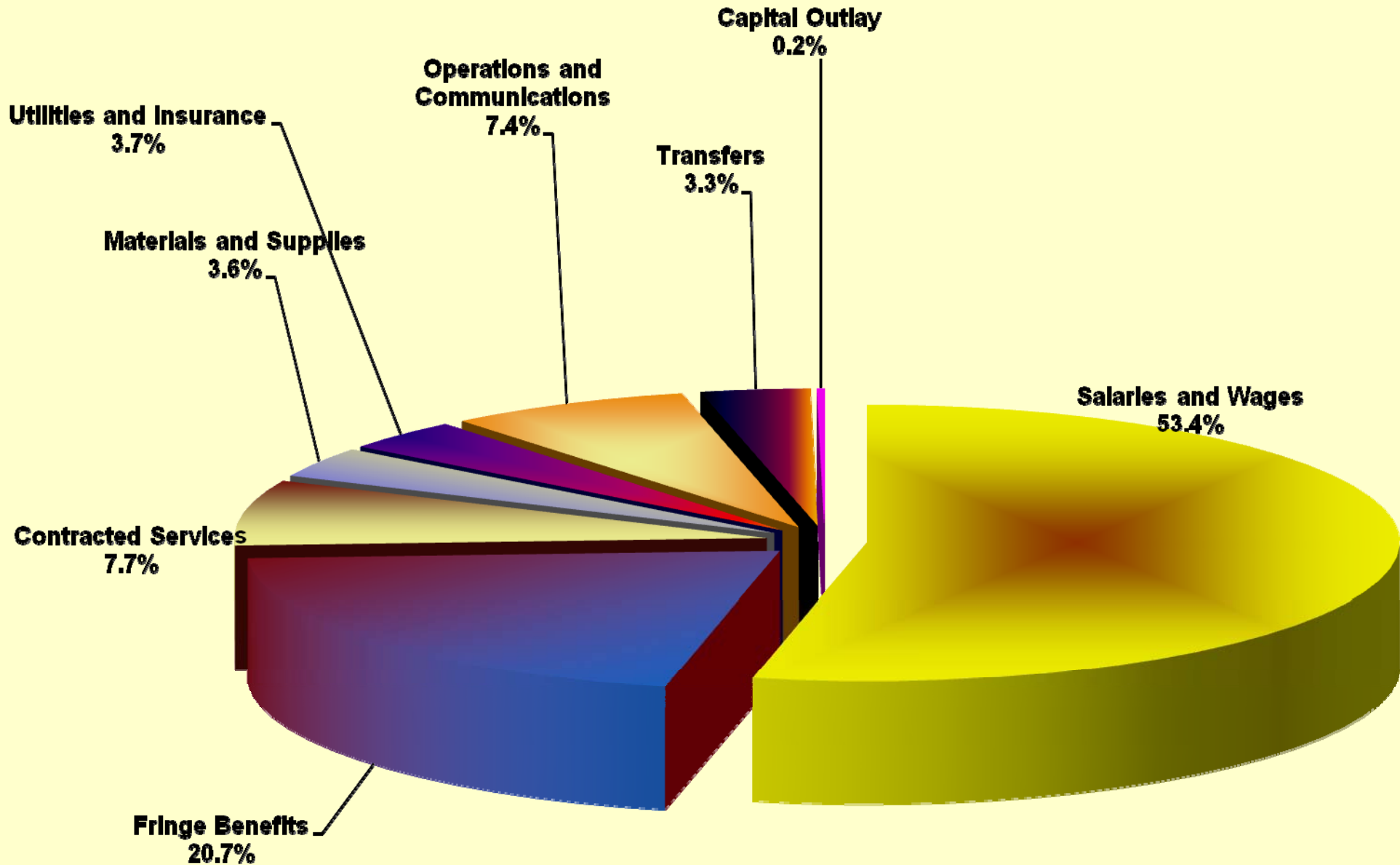
Summary

	09-10 Amend #2	Initial 10-11
Revenues	\$ 75,871,547	\$ 75,674,528
Expenditures	75,860,983	75,628,377
Excess Revenues Over Expenditures	\$ 10,564	\$ 46,151
Fund Balance – Beginning	\$ 6,783,315	\$ 6,792,879
Fund Balance – Ending	\$ 6,792,879	\$ 6,839,030
Fund Balance Percent*	8.95%	9.04%

**Target = 5% - 10% of Expenditure budget*

Initial General Fund Budget 2010-2011

Expenditures by Activity



7-YEAR FORECAST

Economic Outlook

• *While debate remains on when the economy has turned (or will turn) around, virtually every economic indicator identifies the recession of 2008 and 2009 as the most severe economic contraction in more than 70 years (Senate Fiscal Agency)*

• *State of Michigan Projecting deficits of \$467 Million in 2009-2010 and \$268 Million in 2010-11 (Senate Fiscal Agency)*

• *State of Michigan also losing ARRA funds and enacted state income tax reduction in 2011-2012 resulting in a \$998 Million loss (Senate Fiscal Agency)*

• *Unemployment Rates in April 2010 (Senate Fiscal Agency)*

• *State of Michigan 13.7%*

• *Flint 14.9%*

• *The Michigan economy, as measured by inflation-adjusted personal income, after contracting 2.4% in 2009, is estimated to contract 0.7% in 2010 before growing .3% in 2011 (Senate Fiscal Agency)*

• *Wage and salary employment, after falling 6.8% during 2009, is expected to decline 1.2% in 2010 and 0.8% in 2011 (Senate Fiscal Agency)*

CAPITAL FUNDING



Link to Mission and Strategic Plans

- *MCC's mission statement directs the college to...*

“maintain its campuses, state-of-the-art equipment, and other physical resources that support quality higher education. The college will provide the appropriate services, programs, and facilities to help students reach their maximum potential.”

Deferred Maintenance

- *Planned maintenance not performed when scheduled*
- *Usually lack of funding – can be a liability*
- *Leads to earlier asset replacement due to premature end of life*

Deferred Replacement


- *Planned asset replacement not performed when scheduled*
 - *Usually lack of funding*
 - *Can be a liability to the College*
- *“Run-to-failure” mode of operation*
 - *Uses capital that should be scheduled for other purposes*



Capital Asset Funding

- *2004*
 - *\$65M Needs*
 - *\$45M Bonds*
 - *\$13M Operating Commitment*
 - *\$7M Student Tech Fees*
- *Current 10 year needs \$78 million*
 - *Taxable Values Declining*
 - *Availability of Bonds?*
 - *Approx. \$1.6 million in tech fees annually*

Mott Community College



*Board of Trustees
Committee of the Whole Meeting
June 28, 2010*

Questions or Comments?

For More Information:

Details and Provided with Board Resolutions 1.63 and 1.64

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