Conceptual Framework

• Minimize/Offset Impact on Students

• Support the Strategic Plan
  • 7-1, 7.2, 7.3

• Avoid Reductions in Overall Staffing

• Align with Board Policies
  • 3100 *Budget Adoption*
  • 3920, 3930 *Financial Stability, Fiscal Reserves*
  • 5100 *Compensation Philosophy*
7-YEAR FORECAST
State Aid vs. Student FTE

The graph displays the comparison of state appropriations and student FTE (Full-Time Equivalent) over the years from 1999-2000 to 2008-2009. The y-axis represents the amount of state aid in millions of dollars, ranging from $12,000,000 to $17,000,000. The x-axis shows the academic years from 1999-2000 to 2008-2009.

Key points:
- The state aid appears to have increased overall, with fluctuations in specific years.
- Student FTE also shows variability with some years indicating a higher number of students compared to others.

Legend:
- Pink line: State Appropriations
- Blue line: Student FTE
## 7-YEAR OPERATING FORECAST
(in millions), as of December 2007

<table>
<thead>
<tr>
<th></th>
<th>Initial Budget 07-08</th>
<th>Proposed Budget 07-08</th>
<th>Forecasts:</th>
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*Note: the forecast illustrates pro forma data if current trends were to continue. The college is obligated to balance its budget each year and will take necessary steps to do so.*
Property Tax Revenue Comparison

7-Year Forecast     Historical Average Trend    $35.4 million cumulative effect
Key Assumptions - Revenue

- Tuition and fee revenue reflects a 3% increase in tuition rates with a decline in enrollment in years 1-3 and leveling off in the remaining years.
- Property tax revenue decreases by 3.5%, 2.5%, and 1.0%, flat in 2013 then increase by 1.0% and 2%.
- State appropriations increase by 1.5%
- Other revenues increase by 2% each year
- Total revenue increases by avg. of 1.1% each year
Key Assumptions - Expenses

- Salaries and wages increase by avg. of 2.5% each year
- Fringe benefits increase by avg. of 5.5% each year
- Utilities and Insurance increase by 8.5% each year
- Other expenses increase by avg. of 2.2% each year
- Total expenses increase by avg. of 3.1% each year
7-YEAR FORECAST

Summary

- Projected General Fund Deficit would be $35 Million at end of FY14-15, if current trends continued (Revenue growth of 1.1% vs. expenditure growth of 3.1%)
- Continued focus on reserve funding and maintaining flexibility continues to be key
- Long-term strategy of managing compensation costs continues as it represents the largest portion of our budget
## 7–YEAR OPERATING FORECAST
(in millions) as of December 2008

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<th>Amended Budget 08-09</th>
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<td><strong>Expenditures</strong></td>
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<td>3.3%</td>
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<tr>
<td>Surplus/(Deficit):</td>
<td>0.2</td>
<td>0.2</td>
<td>(2.4)</td>
<td>(4.8)</td>
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<td>(7.2)</td>
<td>(15.2)</td>
<td>(24.5)</td>
<td>(34.9)</td>
</tr>
</tbody>
</table>

Note: the forecast illustrates proforma data if current trends were to continue. The College is obligated to balance its budget each year and will take necessary steps to do so.
FUTURE OUTLOOK:
Key Issues


2. **Tuition and fee revenue** – have enjoyed increases over the past 5 years - we can not reasonably expect the same level of increases to continue.

3. **MPSERS Retirement Rate** – Current rate is 16.54% tied significantly to stock market fluctuations – we anticipate an above inflationary increase.

4. **Property tax revenues** - expected to decrease significantly over the next 2-3 years.

5. **Reserve Funding** – increased emphasis in light of above economic factors.

6. **2007-2012 Strategic Planning through AQIP** requires continuous improvement methods.
08-09 AMENDED BUDGET: General Fund
# AMENDED FY08-09 General Fund BUDGET

## Summary

<table>
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<tr>
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<th>07-08 Actual</th>
<th>08-09 Initial Budget</th>
<th>08-09 Amended Budget</th>
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<td>$156,592</td>
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<td>$6,751,276</td>
<td>$6,754,818</td>
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<td><strong>Fund Balance Percent</strong></td>
<td>9.36%</td>
<td>9.62%</td>
<td>9.51%</td>
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</table>
REVENUES:

• Tuition & Fees $1.1 million, +4.3% adj. –credit-side enrollment up for Winter 2009 and Fall 2008
• Property Taxes no significant change
• State Aid no significant change
• Other Revenue -$278 thousand, mainly due to reduction in investment earnings

=Overall upward amendment to revenue is $869 thousand, +1.24% change
EXPENDITURES and TRANSFERS:

• Amended upward by $865 thousand, +1.23% change:
  • **Contracted Services** $359 thousand – Mainly due to increase in contracted services for expanded workforce development activities.
  • **Transfers** $600 thousand – funding to 72 Maintenance and Replacement Reserve in line with Board Policy requirements, continued additional funding in reserves to stabilize long-term projected deficit in accordance with Strategic Planning and Balanced Approach in budgeting.
AMENDED FY08-09 General Fund BUDGET

NET RESULTS OF AMENDMENT:

- **FUND BALANCE**: No significant change, $3K better than June Initial Budget

- **6/30/09** projected to end with $156K surplus, for total of $6.8 million
ONGOING BUDGET IMPLICATIONS
Budget Constraints

a) Four employee groups contracts unsettled

b) MPSERS rate expected to increase above inflationary levels

c) State Aid for 2008-09, 2.9% increase-possible mid-year cuts

d) Decrease in property tax values (TV)
   - State Equalized Value (SEV) vs. Taxable Value (TV)

a) Enrollment trend also flattening
Minimum Reserves as Required
By Board Policy #3930

- General Operating (01) Reserve
  - Required 5-10% of annual operating expenses
  - 08-09 Amended Budget shows reserve of 9.5%

- Maintenance & Replacement Fund (72)
  - Required 1-3% of College depreciated assets or $3M
  - $600K transfer made in current Amended Budget
  - $1.875M total reserve after 600K transfer
  - Additional amount needed to meet minimum $1.125M
Minimum Reserves as Required By Board Policy #3930

- Rainy Day (02) Budget Stabilization
  - Required 1% of annual operating expenses
  - 08-09 Budget reflects $900 thousand
  - Meets *minimum* funding requirements

- Building & Site Fund (78)
  - Required 1-3% of College depreciated assets
  - 08-09 Budget reflects $4.5M
  - Meets *minimum* funding requirements after estimated set-aside for contract settlement contingencies
Operating Reserves

- General Fund Reserve: $6.8 million
- Rainy Day Reserve (Board Designated): $0.9 million
- Total Operating Reserves: $7.7 million

Or approximately 6 weeks of operating needs

Likely possibilities on the horizon:

- MPSERS rate increases by 1.5%: $(0.8) million
- Lost GM Voucher Revenues (1/2 of total): $(0.5) million
- Salary increases from contract settlements: $(1.0) million

Total reduction in reserves: $(2.3) million

Net reserves become $5.4 million or 4 weeks of operating needs.
PHYSICAL PLANT
and
CAPITAL FUNDING
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.”
Comprehensive Planning Process

- Five-Year Campus Master Plans – Submitted Annually to State DMB
- Independent Facilities Assessments – Identification of Building Deficiencies and Backlog of Deferred Maintenance Projects
- Technology Plans – Life-Cycle Replacement and Upgrade Needs
- Enrollment Trends, Strategic and Curricular Plans and Priorities
- Input from Management Team, Faculty, Staff, Community
Capital Funding

- Funding Sources:
  - $45 M Voted Bond Authority Passed June 2004
  - -$15 M Series 2004 was spent from 2004-2006
  - -$15 M Series 2006 was spent by April 2008
  - -$15 M Series 2008 to be spent by April 2011
    - +$13 M Commitment of Operating Funds
    - +$7 M projected from Student Tech. Fees
    - =$65 M Secured from now through 2011
    - $4 M approved from State Capital Outlay

- Future needs will require ongoing deferral and continued requests for voted bond authority and state capital outlay assistance
MCC levied the same rate—0.50 of a mill—for many years, through the 2000 tax year.

The rate was increased to 0.85 in 2001, and has decreased to 0.69 since then.

MCC has committed no increase to the taxpayers.

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