FY05-06 – Current Budget

- Revised surplus for year-end of $150,000.
- Balanced from initial forecast of ($2,000,000)
- Enrollment: Summer 2005= -2% from prior yr.
  Fall 2005= +0% over prior yr.
  Winter 2006= +2% over prior yr.
  Spring 2006= budgeted -2%

- Projected 6/30/06 General Fund = $4.7M; at 7.6% of budgeted operating expenses
State Appropriations

- Our FY05-06 appropriation is a 3.1% cut from FY04-05:
  - $14.4 Million (FY05) vs. $14.9 Million (FY06)

- The FY06-07 recommendation from the Senate is approximately the same as FY05-06:
  - $14.4 Million (FY06) vs. $14.4 Million (FY07)
State Aid as a Revenue Source

State Appropriations as % of GF Revenues

- FY1998: 36%
- FY1999: 37%
- FY2000: 37%
- FY2001: 35%
- FY2002: 29%
- FY2003: 27%
- FY2004: 24%
- FY2005: 25%
- FY2006 Current: 24%
- FY2007 Projected: 23%
State Aid vs. Enrollment

State Aid has declined since 2000-01, while enrollment has increased significantly over the same time period.
MCC’s tuition increases have averaged only 4% over the past five years.

Tuition rate increases have represented approximately 25%-30% of budget-balancing steps, while cost containment makes up 75%-80%.

Tuition and Fee revenue provides $23 million or just over 1/3 of MCC’s total general fund revenue, and is our only controllable major revenue source.

40% of MCC students receive financial aid
MCC’s annual cost is still less than half of that of the next most affordable college/university in our area.

**Tuition & Fees: Comparison**

<table>
<thead>
<tr>
<th>COLLEGE</th>
<th>PER CREDIT COST</th>
<th>YEARLY TUITION &amp; FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mott Community College</td>
<td>$75.80</td>
<td>$2,508.00</td>
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<tr>
<td>Saginaw Valley University</td>
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<td>$5,820.00</td>
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<td>Alma College</td>
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<tr>
<td>Kalamazoo College</td>
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<td>$25,644.00</td>
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</tbody>
</table>

Enrollment Trends - Students

MCC Credit Enrollment: Students (Unduplicated Headcount)

Source: MCC Cognos State Aid Data Warehouse: State Aid date 03-13-2006

<<21% increase>>
Enrollment Trends – Contact Hrs.

MCC Credit Enrollment: Contact Hours
(Fiscal Year Counts)

<<28% increase>>

Source: MCC Cognos State Aid Data Warehouse: State Aid date 03-13-2006
MCC Credit Enrollment: Sections (Fiscal Year Counts)

Source: MCC Cognos State Aid Data Warehouse: State Aid date 03-13-2006

<<13% increase>>
Enrollment – More with Less

- Enrollment is Being Managed through section efficiency

- The number of students and contact hours has increased more sharply than the number of sections. This helps to generate more net direct revenue per section (tuition less instructional cost).

- The Academic Deans are provided with enrollment, revenue and cost data each year that can be used to analyze and improve efficiency measures.
MCC Actual vs. Hypothetical Tuition Rates

- 1999-00: $59.40
- 2000-2001: $61.15
- 2001-2002: $62.42
- 2002-2003: $62.85
- 2003-2004: $67.97
- 2004-2005: $70.55
- 2005-2006: $75.80

Legend:
- Indistrict actual
- Indistrict hypothetical: what it would take to offset state aid cuts
Initial Budget

- January’06 Forecast was a $3.0 million deficit

- Revenues projected at 3.2% increase, or +$2.0M over FY05-06
  - Expected no increase in state aid
  - Included assumption of 4.5% increase in credit tuition rate
  - Enrollment has leveled off
  - Property tax increase is steady, but limited by Proposal A
Expenses projected at 8.3% increase, or +$5.2M over FY05-06

- Salary pay scales are contractual
- Utilities costs (gas, electric) continue to rise
- Health insurance cost increase of 10%
- MPSERS contribution rate increase from 16.34% of salaries to 17.74% ($500,000 impact)
We will pay $1.7 million more per year for employee medical insurance next year than we did 5 yrs. ago.
We will pay $2.3 million more per year for employee retirement contributions next year than we did 5 yrs. ago.
FY06-07 Tuition & Fee Consideration

- Recommendation to Board: May 2006
  - Each 1% = $200,000/yr; >$1.4M over 7 yrs)
  - Preliminary survey of MI community colleges indicates average planned increase of 5%.
  - Must continue to position ourselves to rely less on state funding.
  - In-district rate for FY05-06 is $75.80. MCC likely will continue to be highest among peers, but less than half the cost of other higher ed institutions near us.
Future Outlook

Key Issues

1) Jan’06 Long-term Forecast predicts $24 million cumulative deficit 7 years out ($3M-$4M per year),

2) Assuming 4%-5% tuition & fee revenue increases, and

3) Assuming 0.65 mills are renewed in FY07-08.

4) State Aid – lobby for recovery

5) Cost Control

MCC Finance/Accounting April 2006
Future Outlook

Key Issues

4) Fund Balance Reserves: targeted 5% - 10%

5) 0.65 Voted Operating Millage will need voter renewal by end of FY07-08

6) Performance indicators & other external demands
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