

Mott Community College



*Board of Trustees
Meeting
October 26, 2009*

Calendar Year 2010 Tuition Proposal

Why Now?

- March 2009 0% Tuition Recommendation had following caveats:
 1. No State Aid Cuts
 2. MCC would receive proportional share of stimulus monies
 3. Property Tax funding no less than forecasted

And...

We would review the above conditions and update the Board once all information was available

FUNDING SOURCES

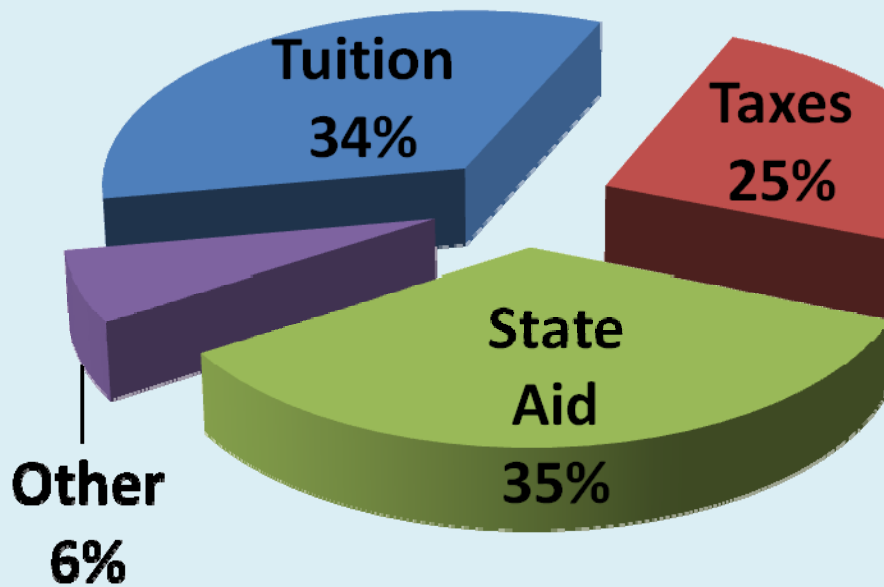
State Aid

Property Taxes

Tuition

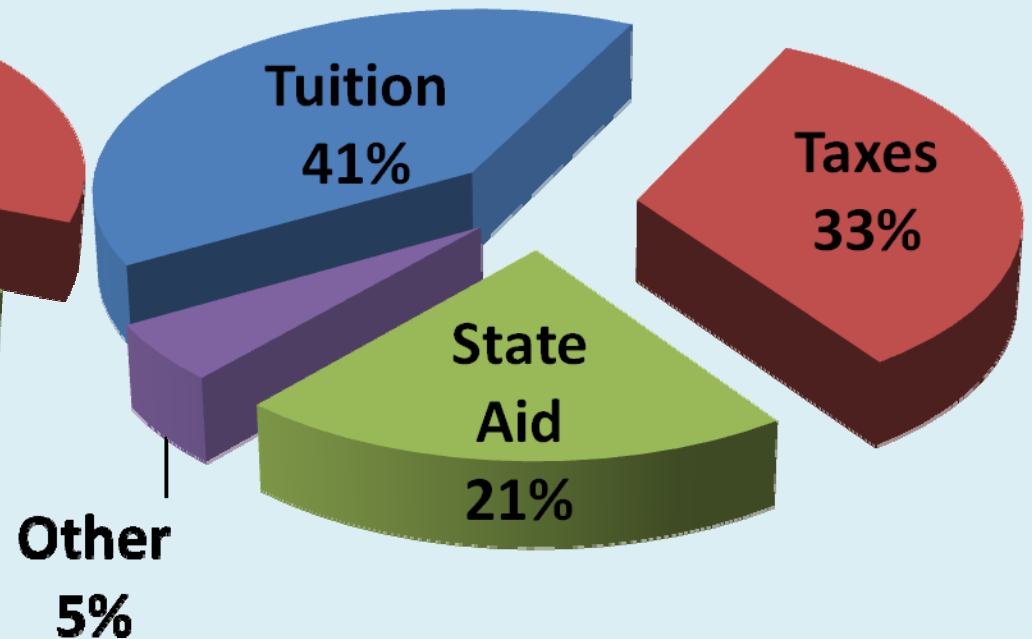
THEN and NOW

2000-2001



State Aid Funding
\$16,133,077

2009-2010



State Aid Funding
\$15,016,400

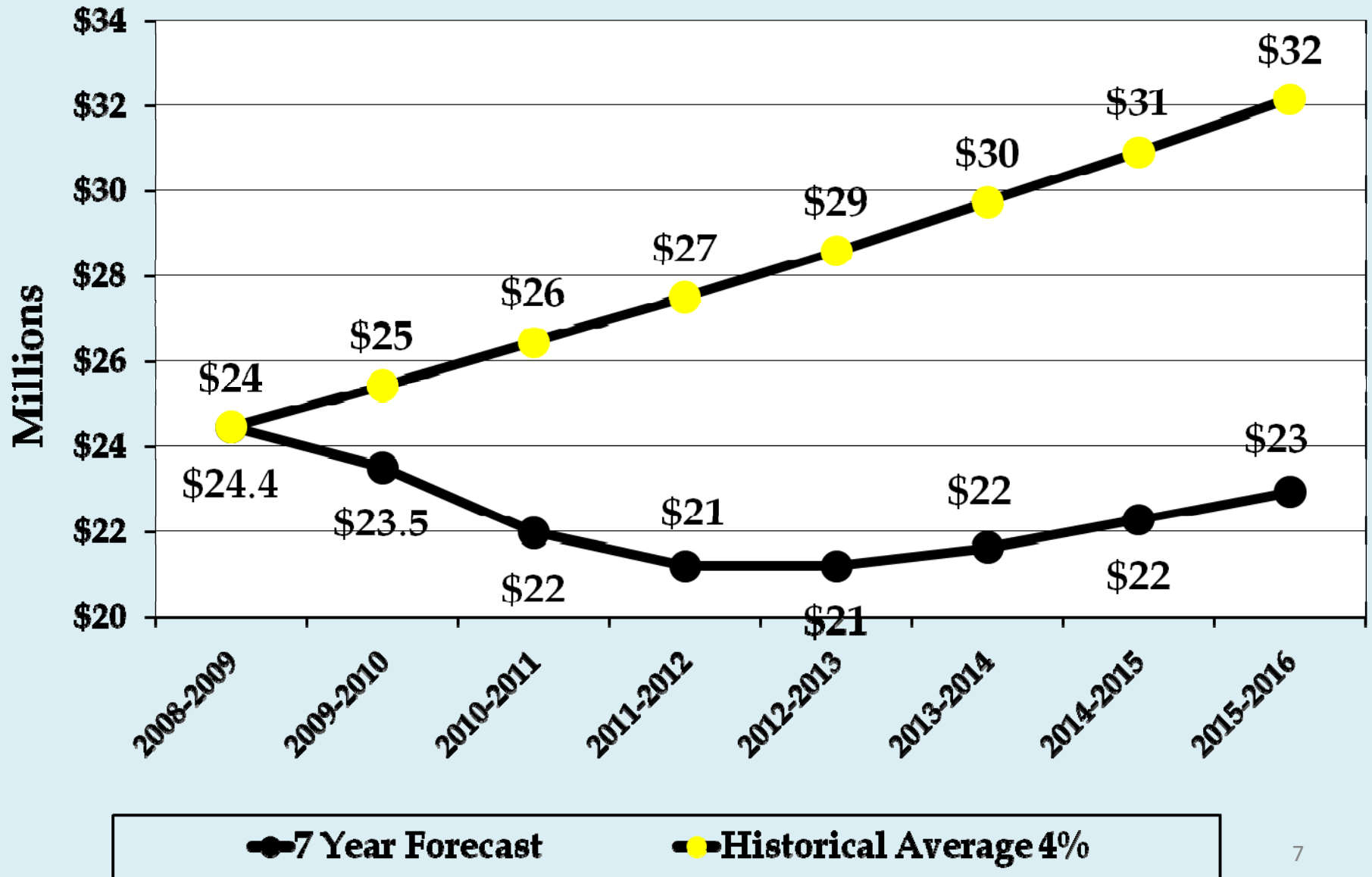
State Aid Formula

ACS Data
2009-2010

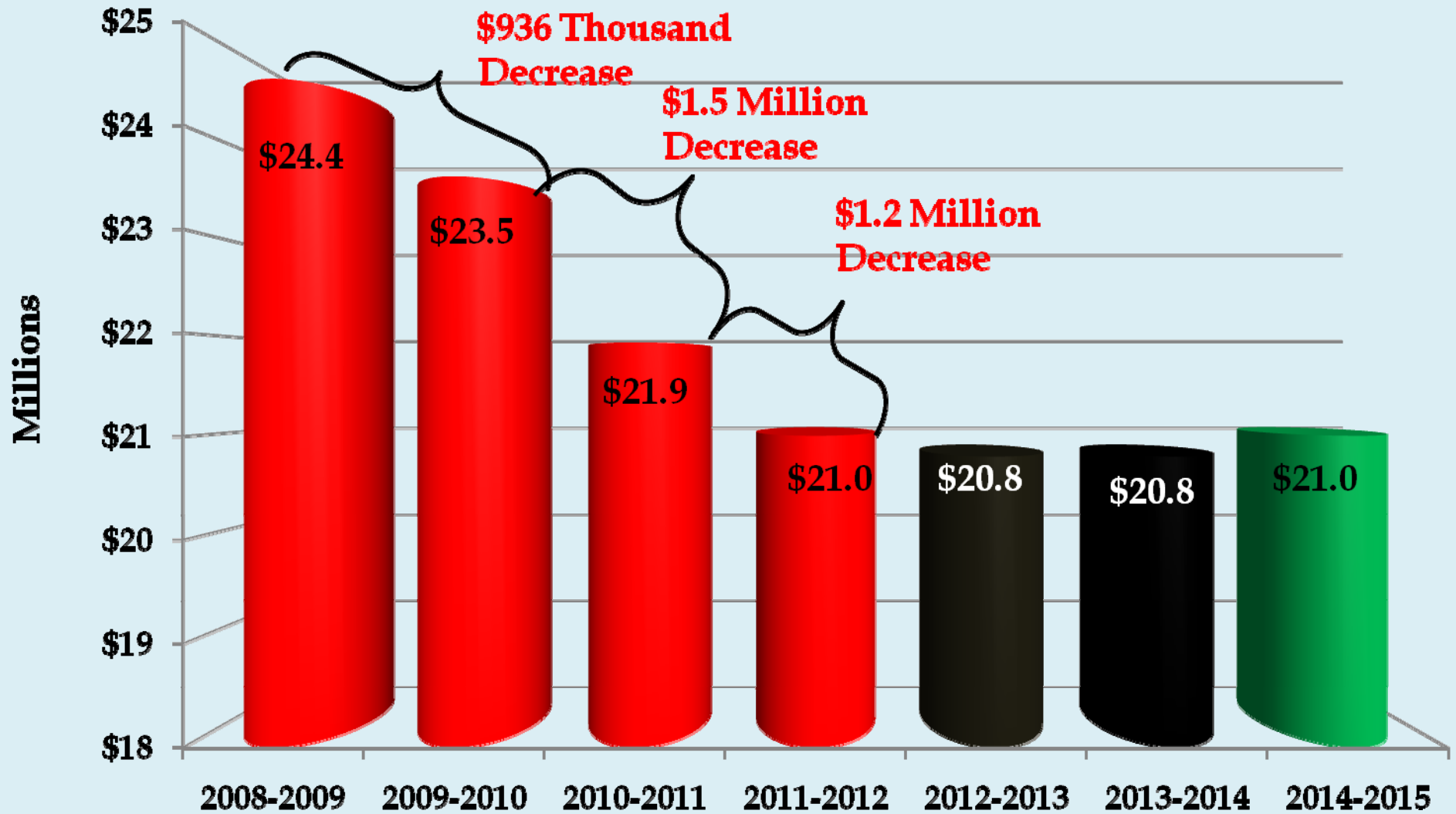
Net Formula Need	\$24,005,140
2009-2010 Appropriation	<u>\$15,016,400</u>
Shortfall	\$ 8,988,740

Property Tax Funding

Property Taxes What's Happening?



Projected Property Tax Funding



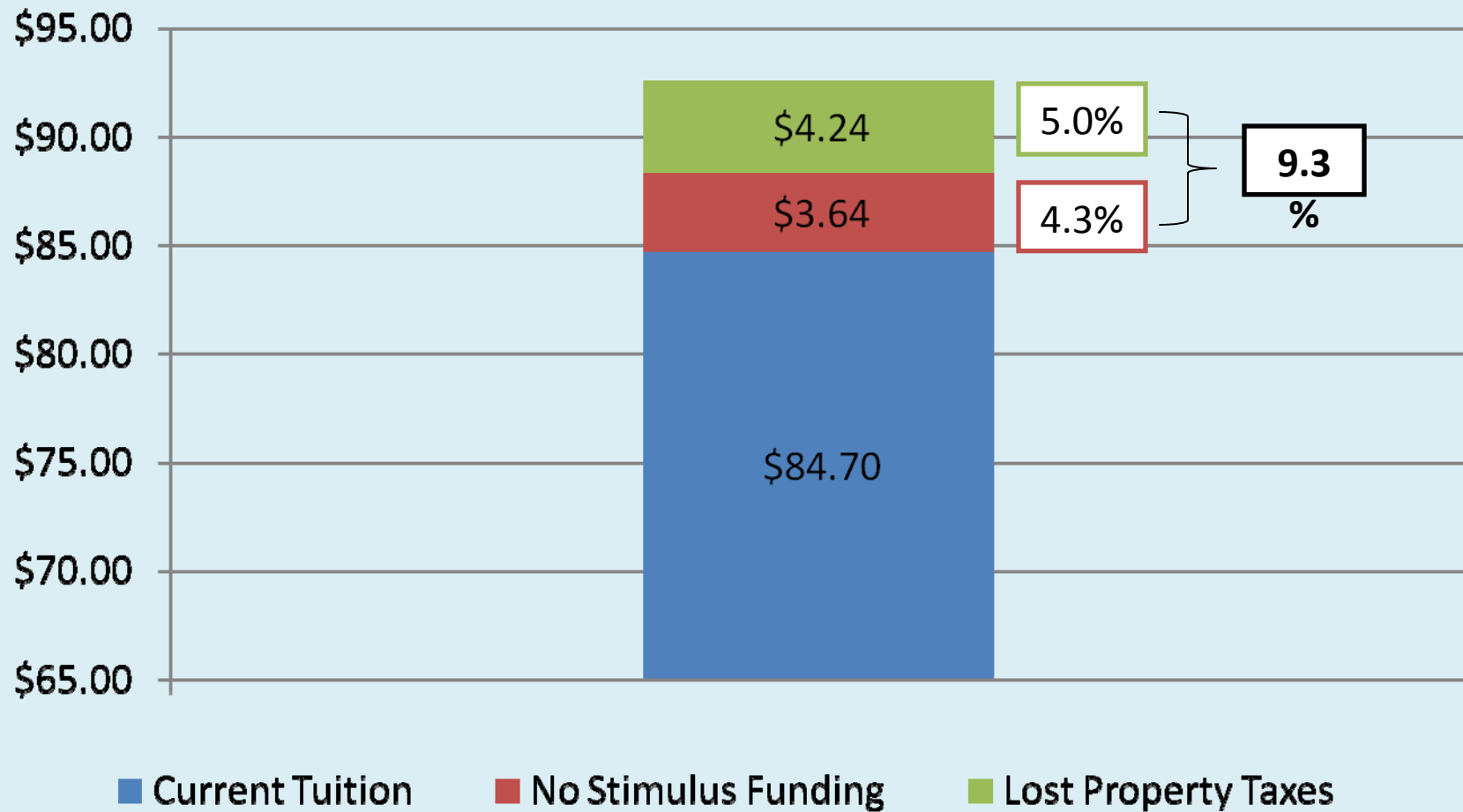
Expense Side Issues Summary:

- ▶ **General Fund expenditures are affected by the following:**
 - ▶ We have both controllable costs and costs not within our control
 - ▶ 1,800+ additional students bring considerable increase in costs
 - ▶ Health insurance costs continue to rise, although cost savings is being realized through contract negotiations
 - ▶ MPSERS contribution rate - 16.94% (uncontrollable)
 - ▶ Fringe Benefits projected for FY 09/10 at \$15.0 million
 - ▶ Managing holds on vacancies continue to provide much of the needed short-term savings
 - ▶ **BALANCED APPROACH**

Tuition & Fees

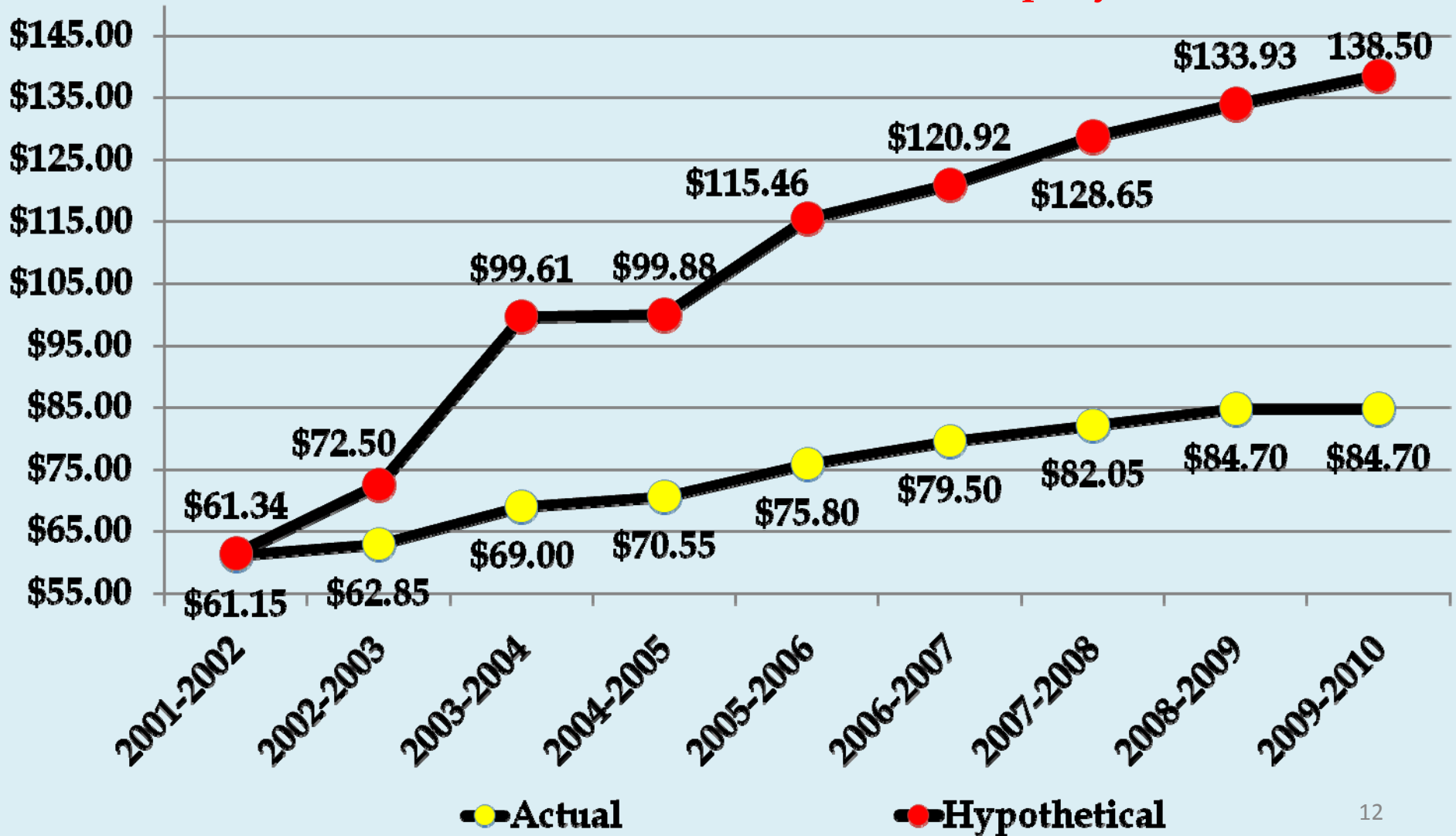
- ▶ MCC's tuition increases have averaged only 3.75% over the past five years.
- ▶ Tuition rate increases have been used to help balance the state aid reductions (and now declining property tax funding) while controlling costs.
- ▶ Tuition and Fee funding provides \$28 million or approximately 41% of MCC's total general fund revenue, and is our only controllable major funding source.
- ▶ Federal aid available to students is increasing

Tuition Keeps Up with Lost Funding



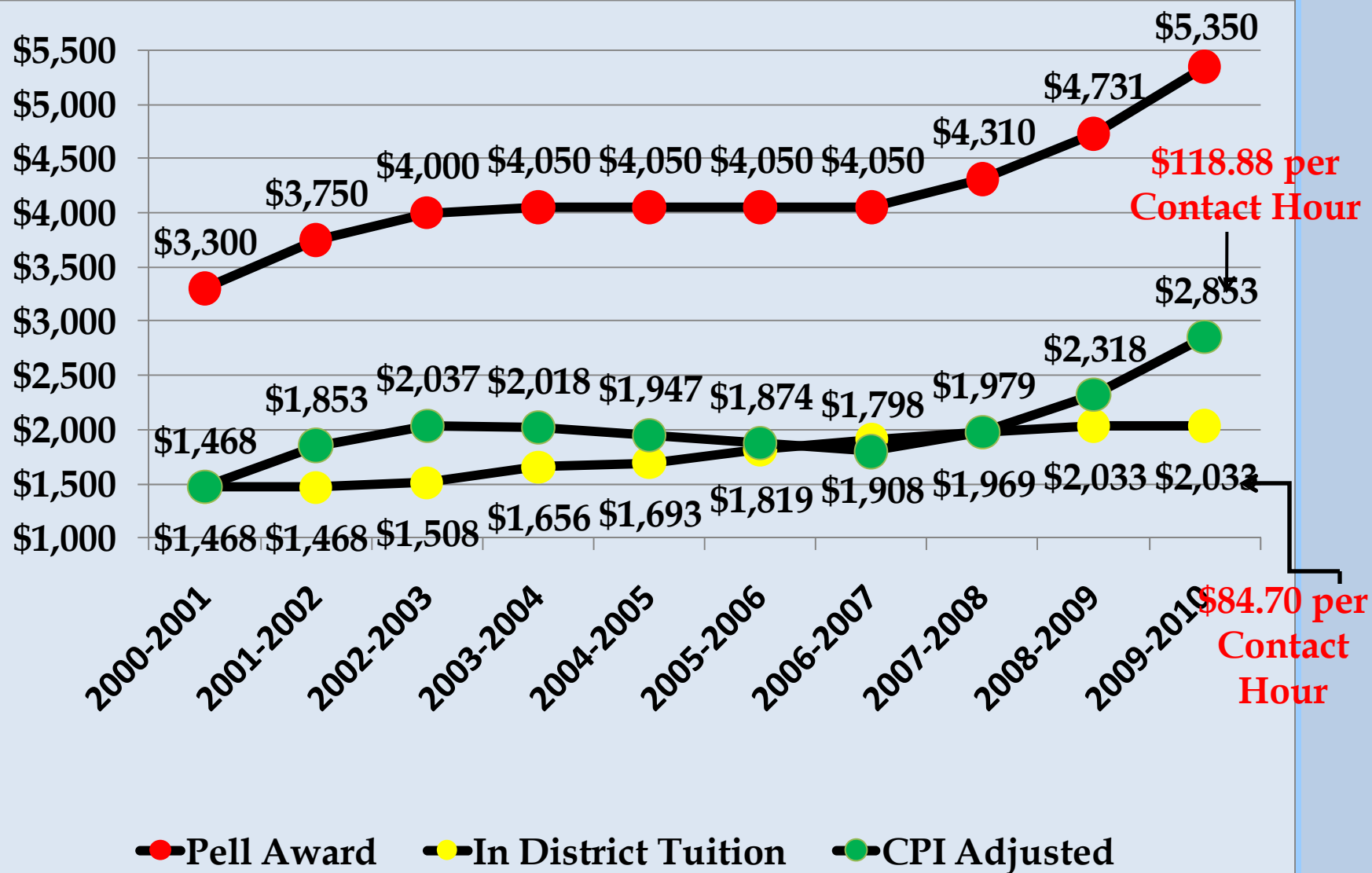
Tuition Covers State Aid Losses

Add in Property tax loss = \$142.74



Tuition Keeps Up with Pell Awards

(Based on 24 Contact Hours)



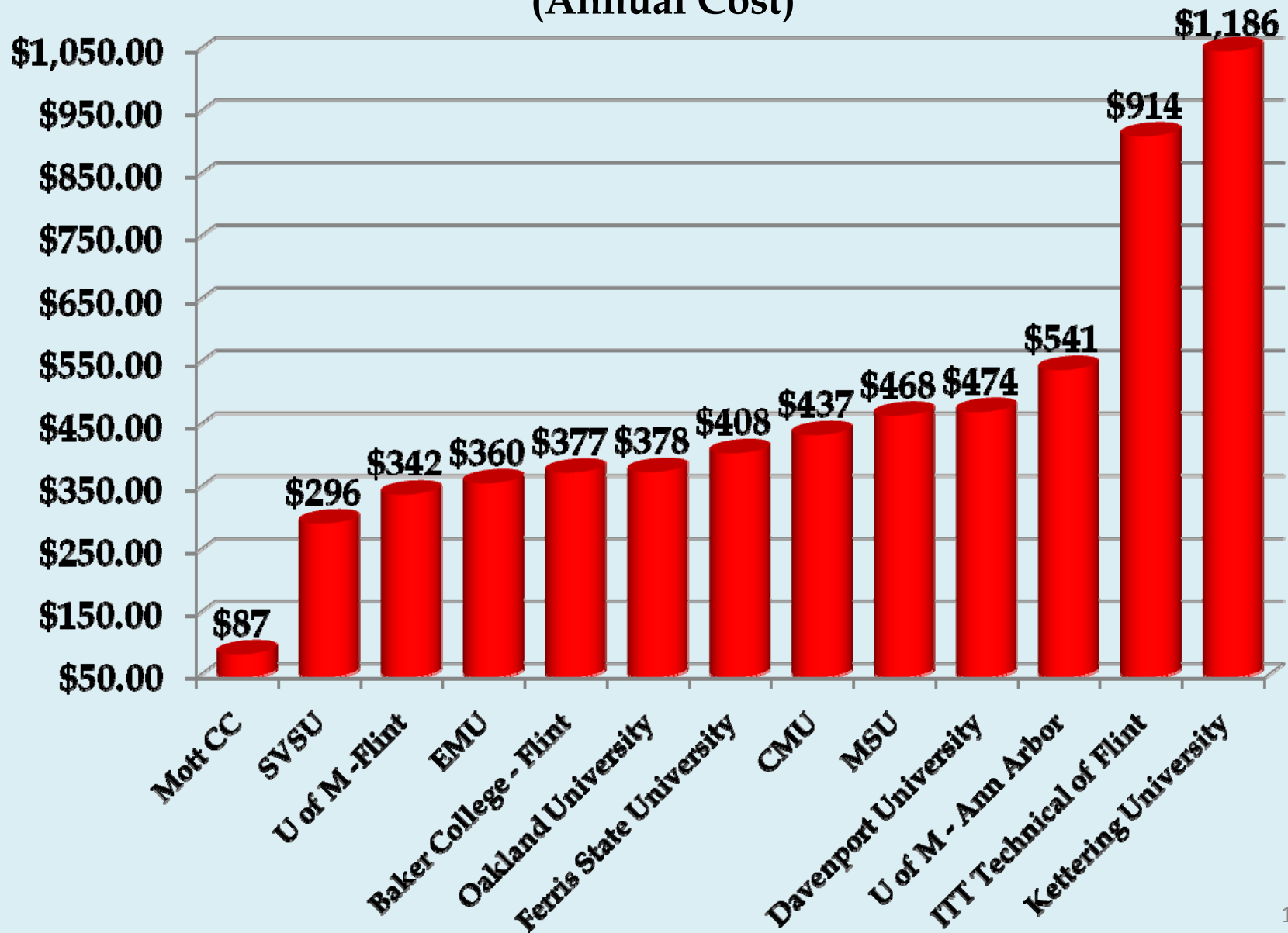
Well, How Much?

► **In summary per contact hour:**

Stimulus Dollar Loss	\$ 3.64
Property Tax Losses	<u>\$ 4.24</u>
Total	\$ 7.88 or 9.3%

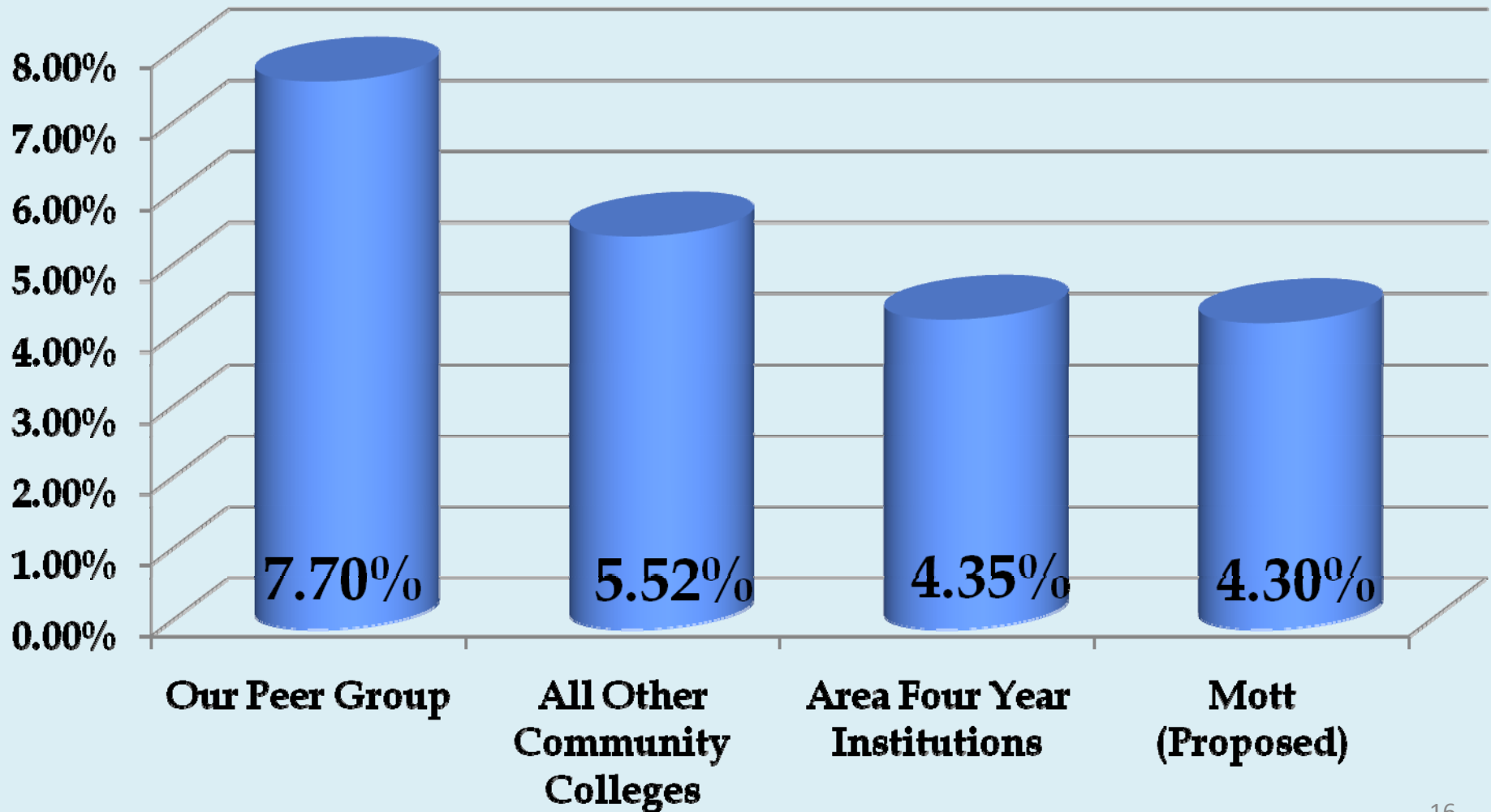
However, in **fairness** and in keeping with a **balanced approach**, we recommend a 4.3% increase coupled with continued cost containment and savings opportunities to help offset the funding losses.

What a 4.3% Tuition Increase Would Mean (Annual Cost)



What About Our Peers?

Average Tuition Increases for 2009-2010 Academic Year



Tuition & Fees: Local Comparison

College	Yearly Tuition & Fees
Mott CC – (Inclusive of a 4.3% increase)	2,920.90
Saginaw Valley University	6,890.00
University of Michigan – Flint *	7,945.00
Eastern Michigan University	8,377.00
Baker College - Flint	8,775.00
Oakland University	8,783.00
Ferris State University *	9,480.00
Central Michigan University	10,170.00
Michigan State University	10,880.00
Davenport University	11,016.00
University of Michigan - Ann Arbor	12,589.00
ITT Technical of Flint *	21,260.00
Kettering University	27,584.00

Cost as based on in district/state rates from the 2009-2010 Petersons Guide information at www.petersons.com as of September 2009.

*Cost accessed from College's web site

MCC's annual cost is still less than half of that of the next most affordable college/university in our area.

Tonight's Proposed Resolution: 4.3% increase for Calendar Year 2010

		2009 Fall	Calendar Year 2010	Increase	%
Per Contact Hour	In District Rate	\$84.70	\$88.34	\$3.64	4.3%
	Out of District Rate	\$126.80	\$132.25	\$5.45	4.3%
	Out of State Rate	\$169.20	\$176.48	\$7.28	4.3%
	Technology Fee	\$4.85	\$5.06	\$0.21	4.3%
Flat Fee	Registration Fee	\$32.50	\$33.90	\$1.40	4.3%
	Student Service Fee	\$24.50	\$25.55	\$1.05	4.3%

Summary

- 1) We rely on State Aid and Property Taxes to subsidize our tuition rates. State Aid has fell woefully short, Property Taxes are now in decline.
- 2) Enrollment has ballooned to over 12,500 students, along with it comes additional costs
- 3) We have expenses that we have control over, and ones that we do not. We have in the past and we will continue to control costs.
- 4) We froze tuition in for Fall 2009, based on the best available data at the time...we have better information now.
- 5) We propose a 4.3% increase based on a “balancing” of the revenue losses with a modest tuition increase and cost containment.
- 6) It is important to continue to make small, incremental changes instead of severe, large ones.

Mott Community College



Questions or Comments?

Please contact:

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