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
- Tuition: 34%
- State Aid: 35%
- Taxes: 25%
- Other: 6%
State Aid Funding: $16,133,077

2009-2010
- Tuition: 41%
- State Aid: 21%
- Taxes: 33%
- Other: 5%
State Aid Funding: $15,016,400
## State Aid Formula

**ACS Data**

**2009-2010**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Formula Need</td>
<td>$24,005,140</td>
</tr>
<tr>
<td>2009-2010 Appropriation</td>
<td>$15,016,400</td>
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<tr>
<td>Shortfall</td>
<td>$8,988,740</td>
</tr>
</tbody>
</table>
Property Tax Funding
Property Taxes
What’s Happening?

Millions

2008-2009 $24
2009-2010 $25
2010-2011 $26
2011-2012 $27
2012-2013 $29
2013-2014 $30
2014-2015 $31
2015-2016 $32

$24.4
$23.5
$22
$21
$22
$22
$32

7 Year Forecast
Historical Average 4%
Projected Property Tax Funding

- $24.4 Million in 2008-2009
- $23.5 Million in 2009-2010
- $21.9 Million in 2010-2011
- $21.0 Million in 2011-2012
- $20.8 Million in 2012-2013
- $20.8 Million in 2013-2014
- $21.0 Million in 2014-2015

$936 Thousand Decrease
$1.5 Million Decrease
$1.2 Million Decrease
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

- Current Tuition: $4.24 (5.0%)
- No Stimulus Funding: $3.64 (4.3%)
- Lost Property Taxes: $84.70 (9.3%)

Legend:
- Current Tuition
- No Stimulus Funding
- Lost Property Taxes
Tuition Covers State Aid Losses

Add in Property tax loss = $142.74
Tuition Keeps Up with Pell Awards
(Based on 24 Contact Hours)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pell Award</th>
<th>In District Tuition</th>
<th>CPI Adjusted</th>
</tr>
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<tbody>
<tr>
<td>2000-01</td>
<td>$3,300</td>
<td>$1,468</td>
<td>$1,468</td>
</tr>
<tr>
<td>2001-02</td>
<td>$3,750</td>
<td>$1,468</td>
<td>$1,468</td>
</tr>
<tr>
<td>2002-03</td>
<td>$4,000</td>
<td>$1,508</td>
<td>$1,508</td>
</tr>
<tr>
<td>2003-04</td>
<td>$4,050</td>
<td>$1,656</td>
<td>$1,693</td>
</tr>
<tr>
<td>2004-05</td>
<td>$4,050</td>
<td>$1,693</td>
<td>$1,819</td>
</tr>
<tr>
<td>2005-06</td>
<td>$4,050</td>
<td>$1,819</td>
<td>$1,908</td>
</tr>
<tr>
<td>2006-07</td>
<td>$4,050</td>
<td>$1,908</td>
<td>$1,969</td>
</tr>
<tr>
<td>2007-08</td>
<td>$4,050</td>
<td>$2,033</td>
<td>$2,033</td>
</tr>
<tr>
<td>2008-09</td>
<td>$4,310</td>
<td>$2,033</td>
<td>$2,033</td>
</tr>
<tr>
<td>2009-2010</td>
<td>$4,731</td>
<td>$2,853</td>
<td>$2,853</td>
</tr>
<tr>
<td></td>
<td>$5,350</td>
<td></td>
<td>$118.88 per Contact Hour</td>
</tr>
</tbody>
</table>

$84.70 per Contact Hour
Well, How Much?

In summary per contact hour:

- Stimulus Dollar Loss: $3.64
- Property Tax Losses: $4.24
- 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)

- Mott CC: $87
- SVSU: $296
- U of M - Flint: $342
- EMU: $360
- Baker College - Flint: $377
- Oakland University: $378
- Ferris State University: $408
- CMU: $437
- MSU: $468
- Davenport University: $474
- U of M - Ann Arbor: $541
- ITT Technical College - Flint: $914
- Kettering University: $1,186
What About Our Peers?

Average Tuition Increases for 2009-2010 Academic Year

- Our Peer Group: 7.70%
- All Other Community Colleges: 5.52%
- Area Four Year Institutions: 4.35%
- Mott (Proposed): 4.30%
## Tuition & Fees: Local Comparison

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

Cost as based on in district/state rates from the 2009-2010 Petersons Guide information at [www.petersons.com](http://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

<table>
<thead>
<tr>
<th>Per Contact Hour</th>
<th>2009 Fall</th>
<th>Calendar Year 2010</th>
<th>Increase</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>In District Rate</td>
<td>$84.70</td>
<td>$88.34</td>
<td>$3.64</td>
<td>4.3%</td>
</tr>
<tr>
<td>Out of District Rate</td>
<td>$126.80</td>
<td>$132.25</td>
<td>$5.45</td>
<td>4.3%</td>
</tr>
<tr>
<td>Out of State Rate</td>
<td>$169.20</td>
<td>$176.48</td>
<td>$7.28</td>
<td>4.3%</td>
</tr>
<tr>
<td>Technology Fee</td>
<td>$4.85</td>
<td>$5.06</td>
<td>$0.21</td>
<td>4.3%</td>
</tr>
<tr>
<td>Flat Fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registration Fee</td>
<td>$32.50</td>
<td>$33.90</td>
<td>$1.40</td>
<td>4.3%</td>
</tr>
<tr>
<td>Student Service Fee</td>
<td>$24.50</td>
<td>$25.55</td>
<td>$1.05</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
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.