

Mott Community College

Special Committee of The Whole
May 18, 2011

College Finances

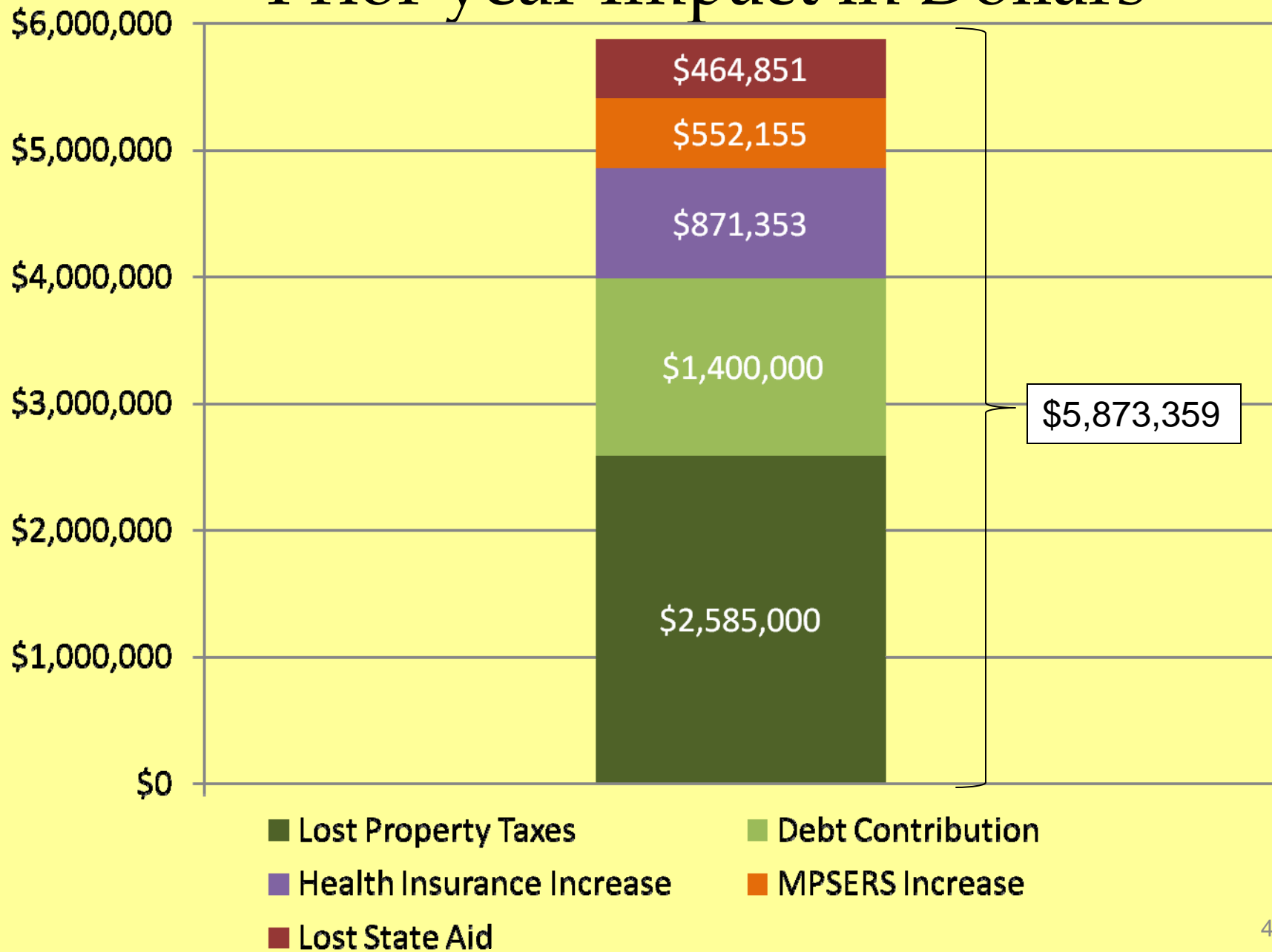
STRATEGIC PLAN

- *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*
- *A balanced approach*

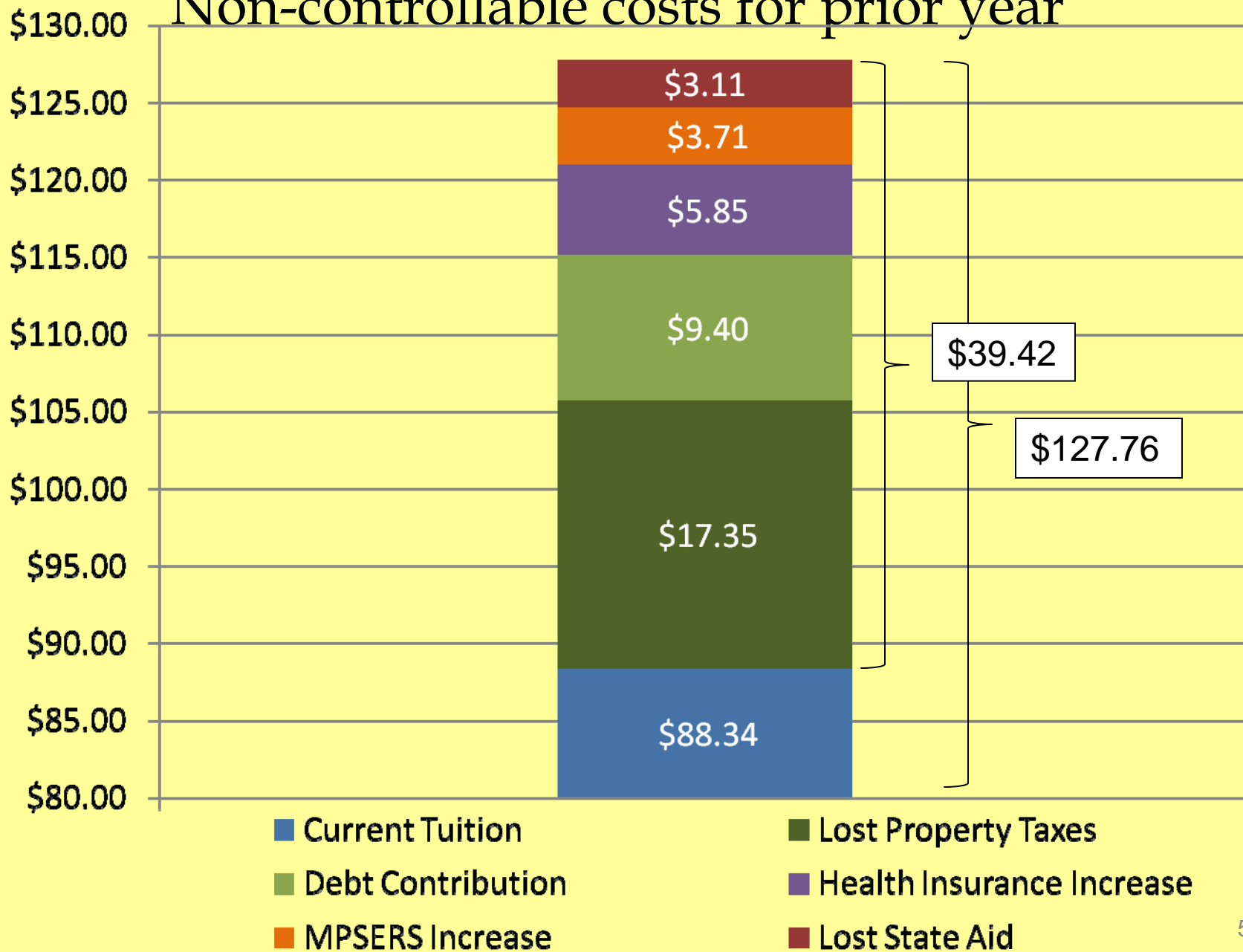
PRIOR YEAR BUDGET IMPACT



Prior year Impact in Dollars



Tuition Keeps Up with Lost Funding/Increase in Non-controllable costs for prior year



Prior Year Budget Balancing Steps



Prior Year Budget Cuts

• Decreased Hiring (Open Position Pool)	\$ 325,000
• Cut funding to Reserves	\$ 620,000
• Less Spending on Maintenance and Replacement (72 fund)	\$1,250,000
• Cut Contingency	<u>\$ 250,000</u>
Total current year cuts	\$2,445,000
Set-aside cuts from last year	<u>\$1,400,000</u>
Total budgetary expenditure cuts	\$3,845,000

Prior Year Budget Cuts (continued)

Total Budgetary Expenditure Cuts

(from previous slide) \$3,845,000

Current Year Shortfall

(\$5,900,000)

Shortfall Remaining (\$2,055,000)

65% of current year shortfall is made up through budget cuts.

FUNDING SOURCES

(2011-2012)

State Aid

Property Taxes

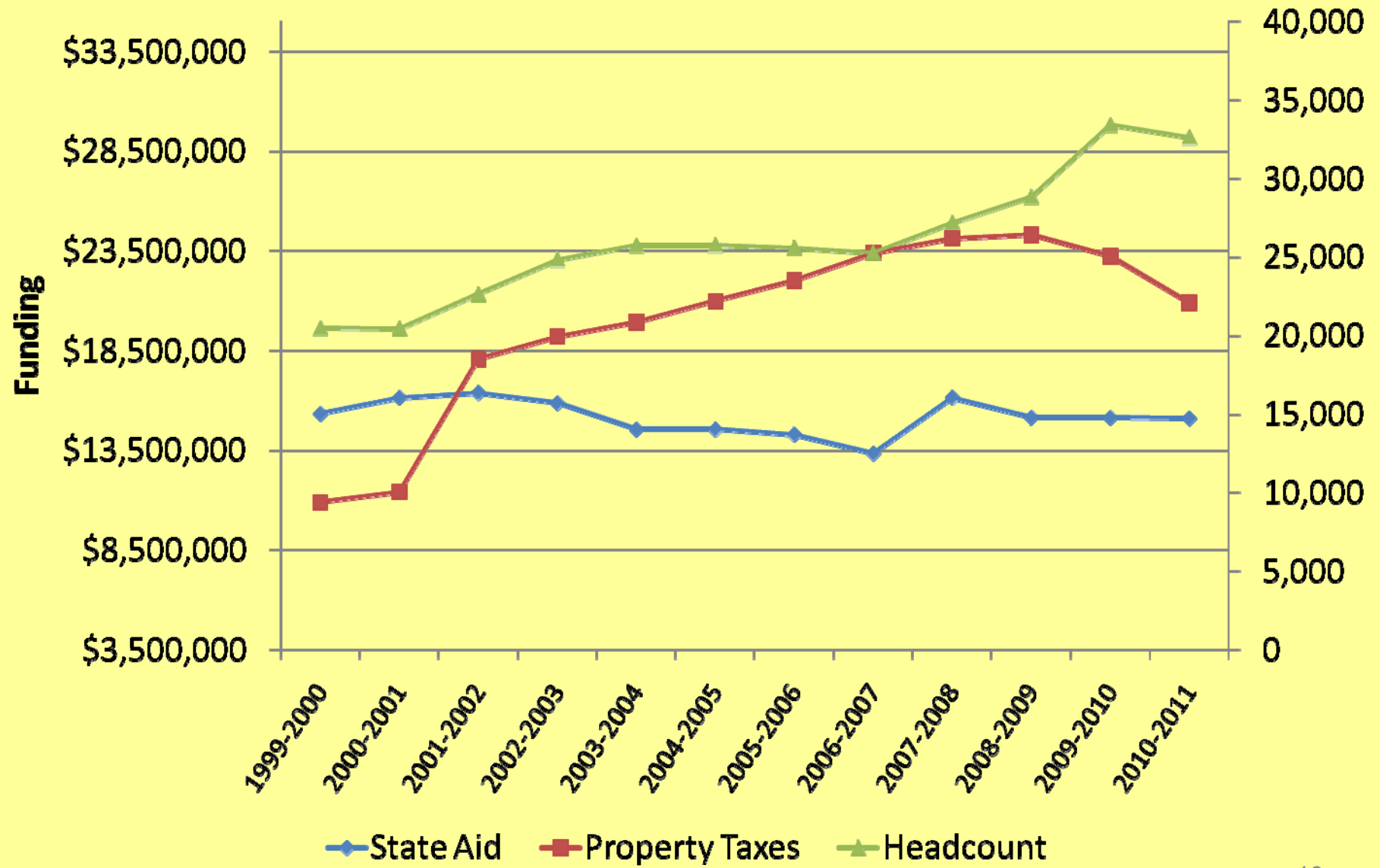
-Operating

-Debt

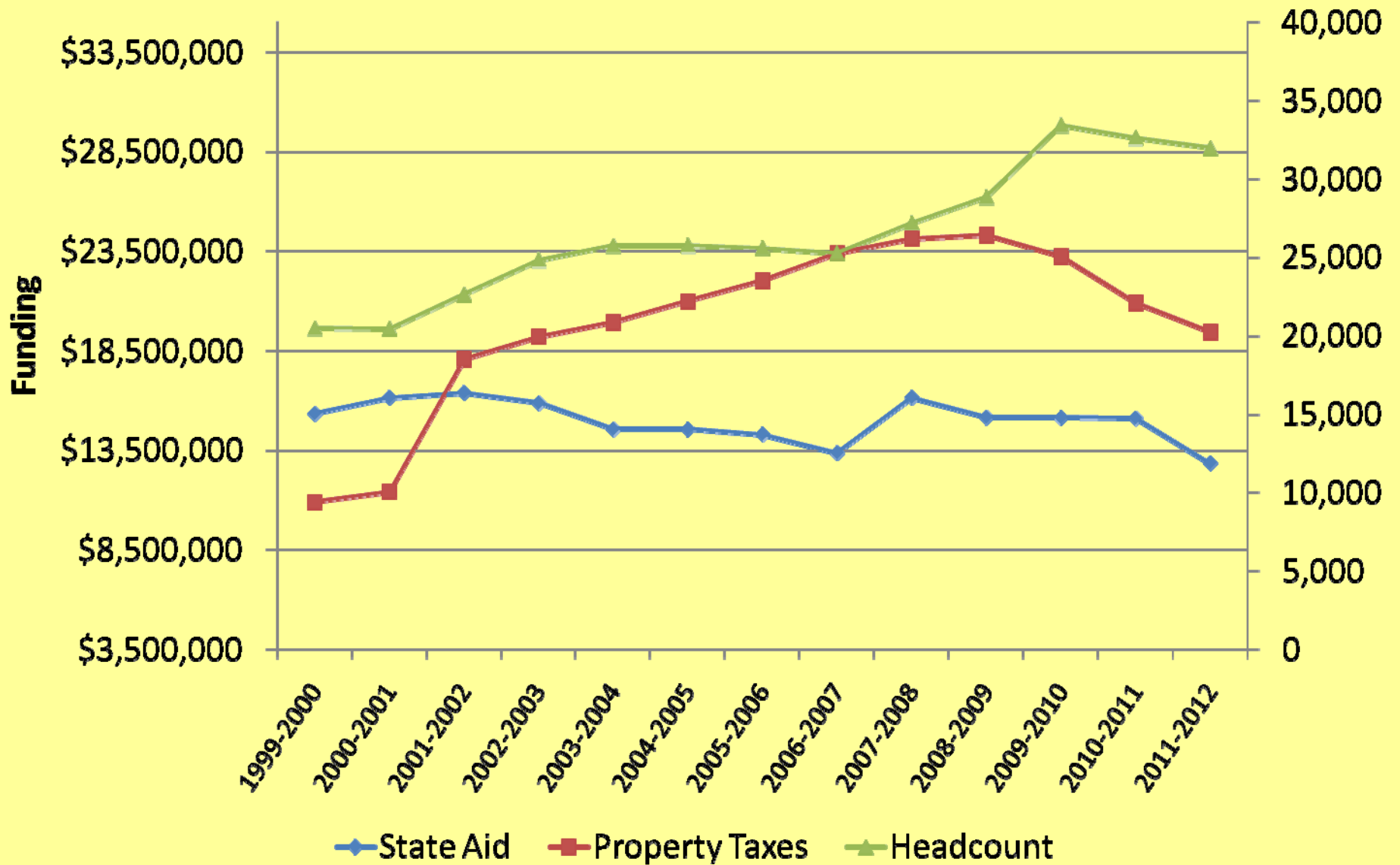
Tuition



Trends in Funding Sources & Enrollment

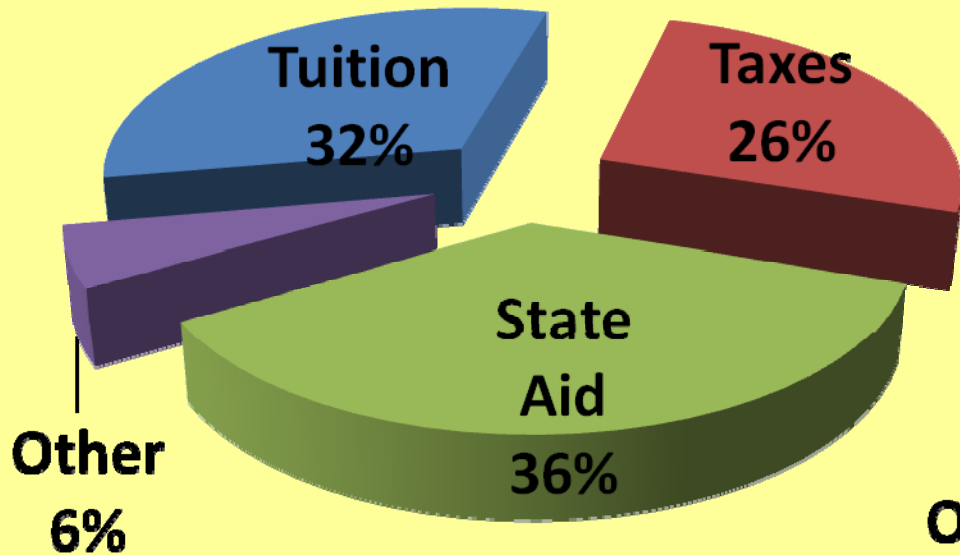


2011-12 FUNDING PROJECTIONS with a 15% Decrease in State Aid



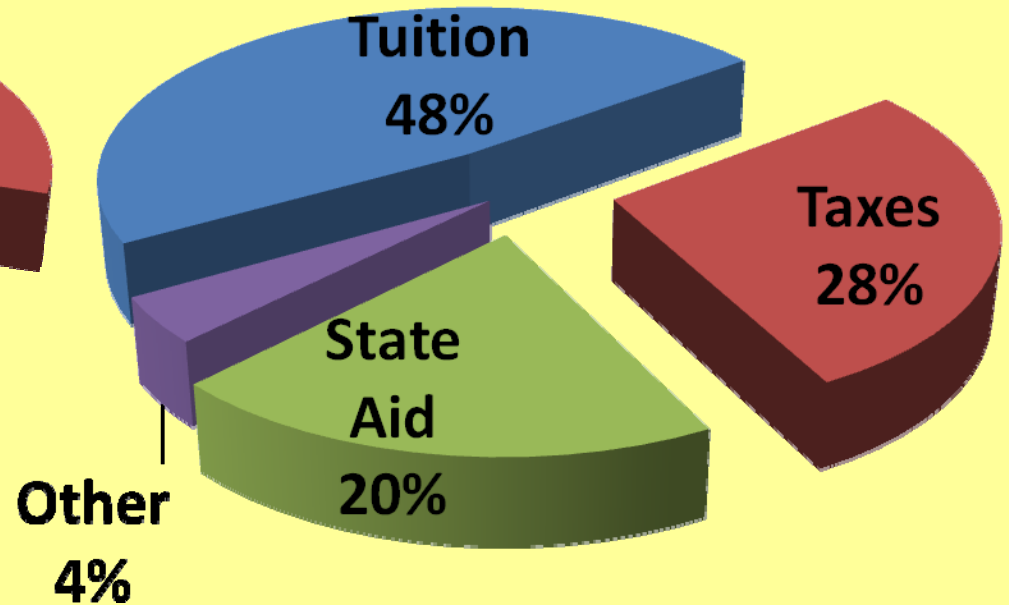
THEN and NOW

1999-2000



State Aid Funding
\$15,344,107

2010-2011

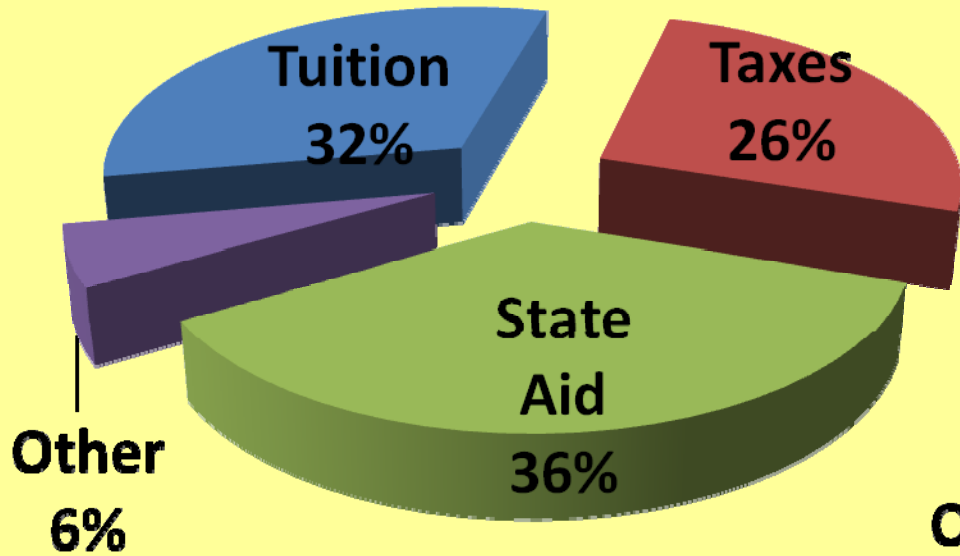


State Aid Funding
\$15,121,880

THEN and NOW

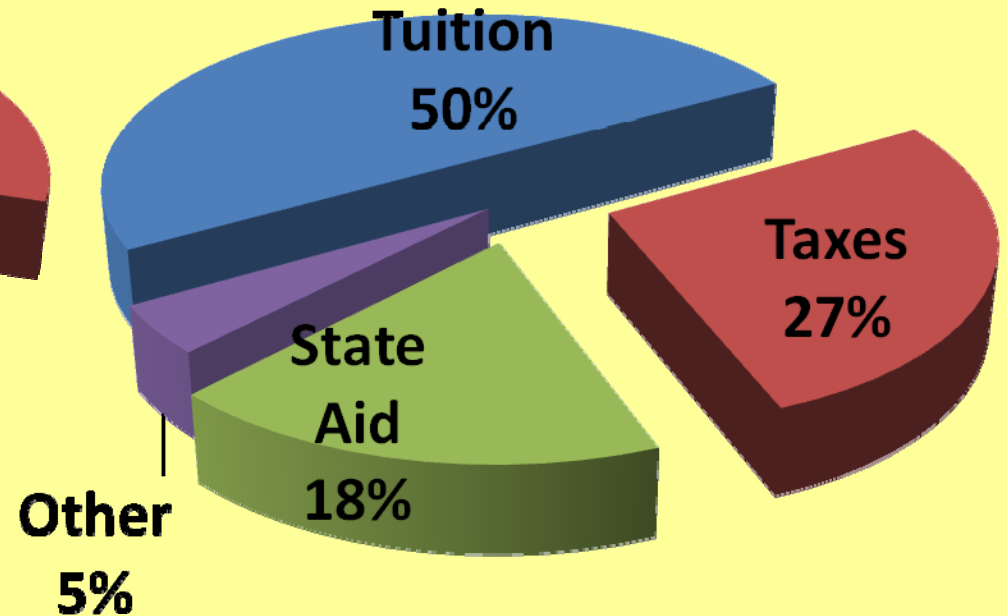
Projected 2011-2012 with -15% State aid

1999-2000



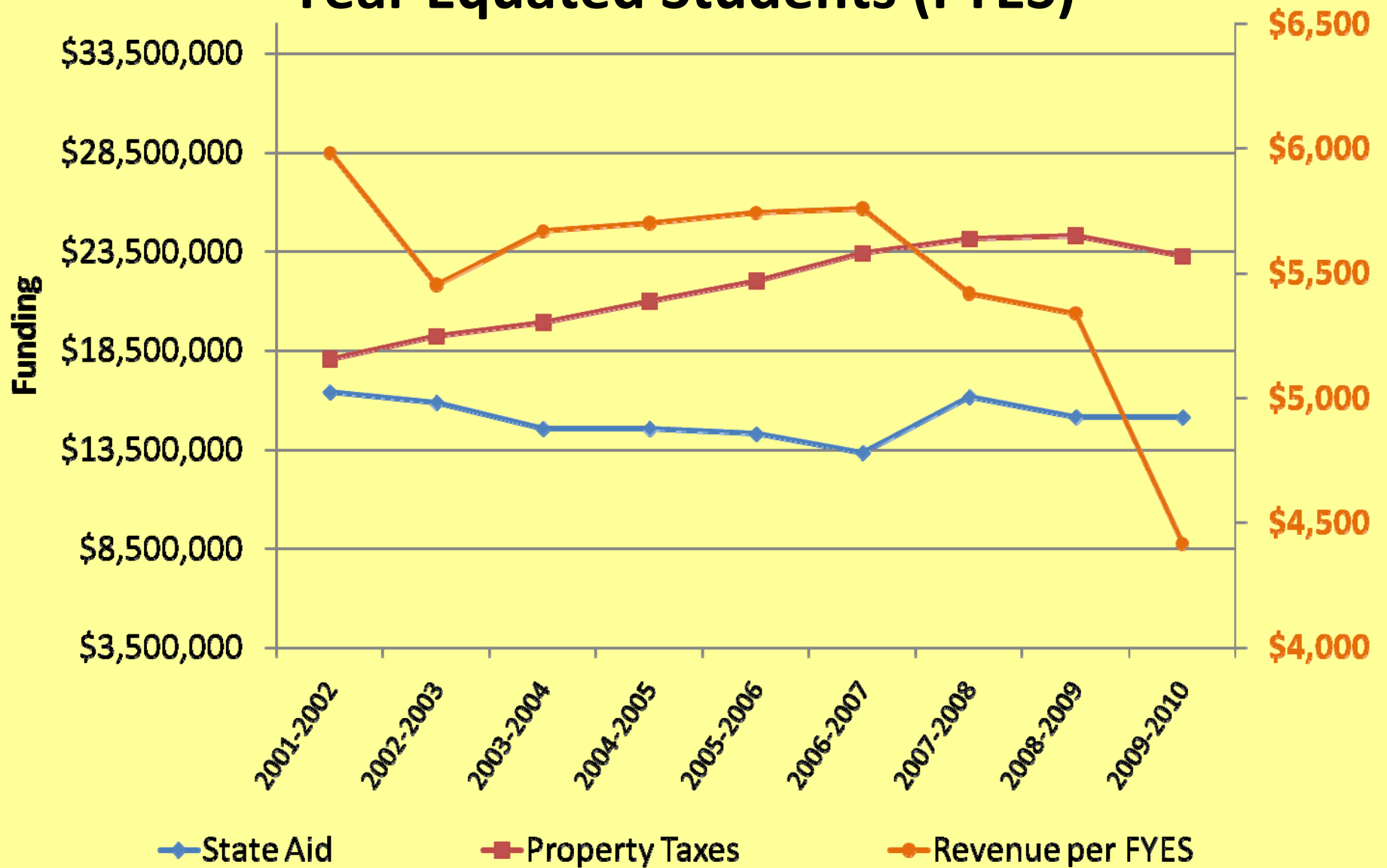
State Aid Funding
\$15,344,107

2011-2012

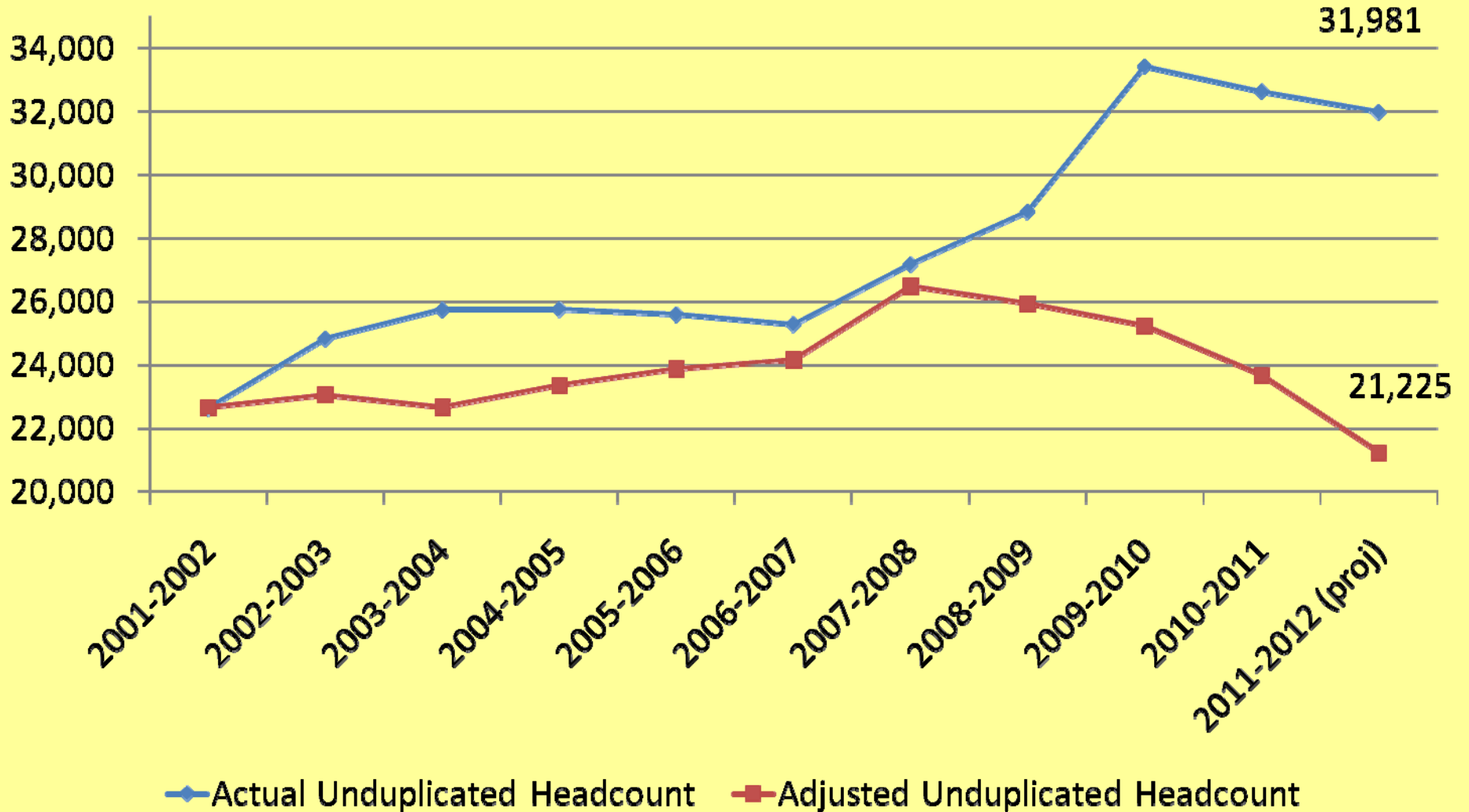


State Aid Funding
\$12,853,598

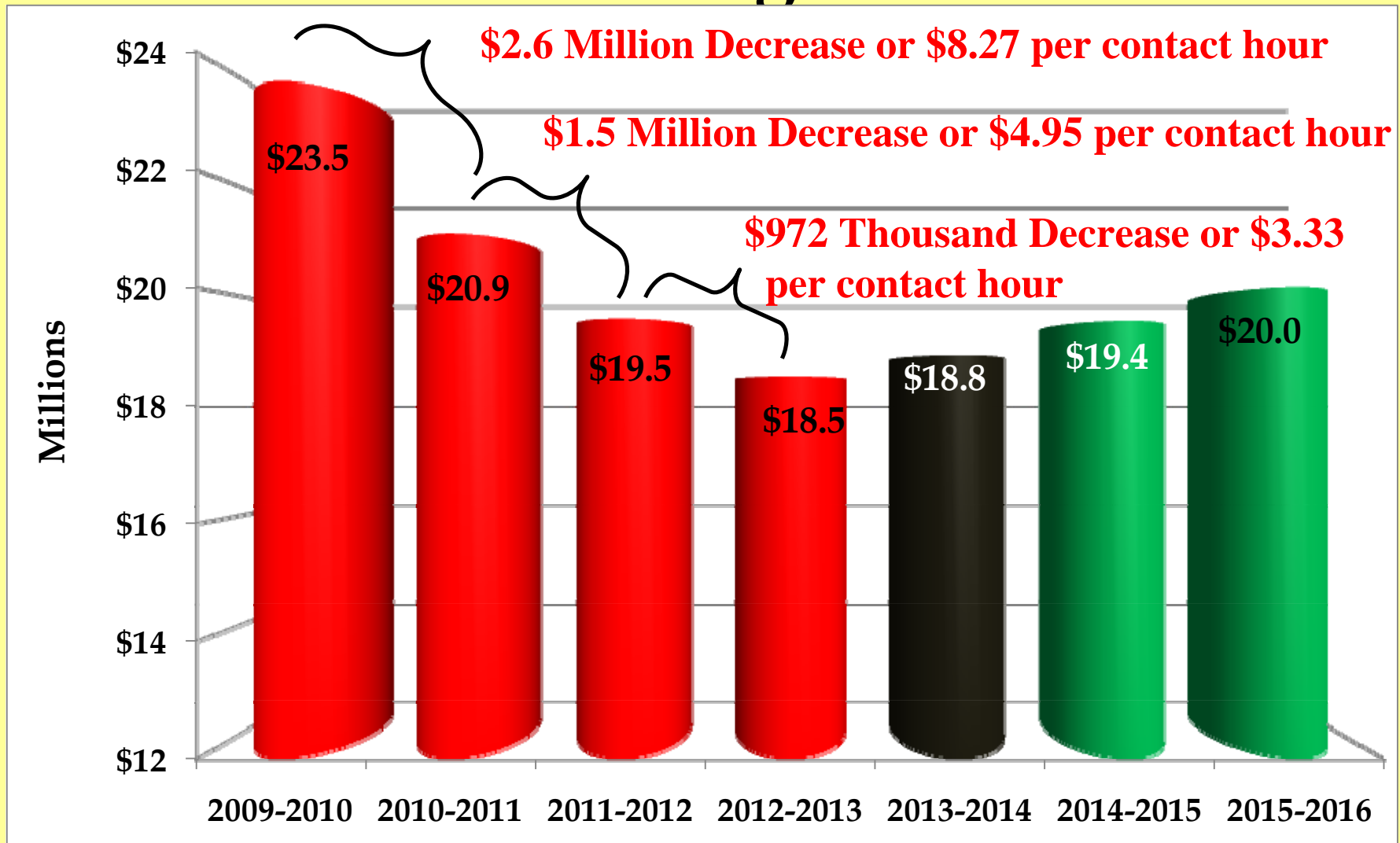
Trends in Funding Sources & Enrollment, Fiscal Year Equated Students (FYES)



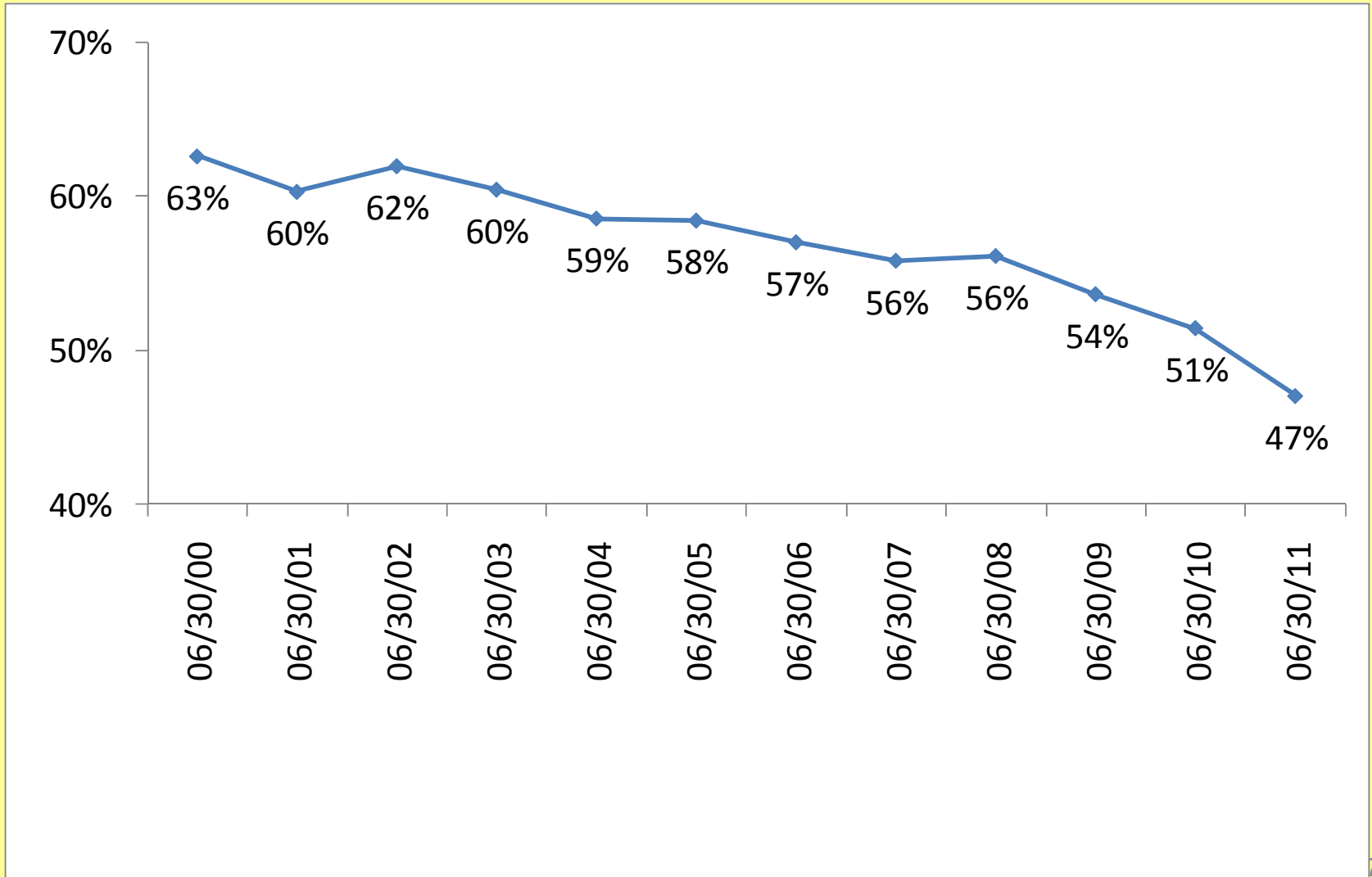
State and Local Funding Does Not Keep Up With Enrollment



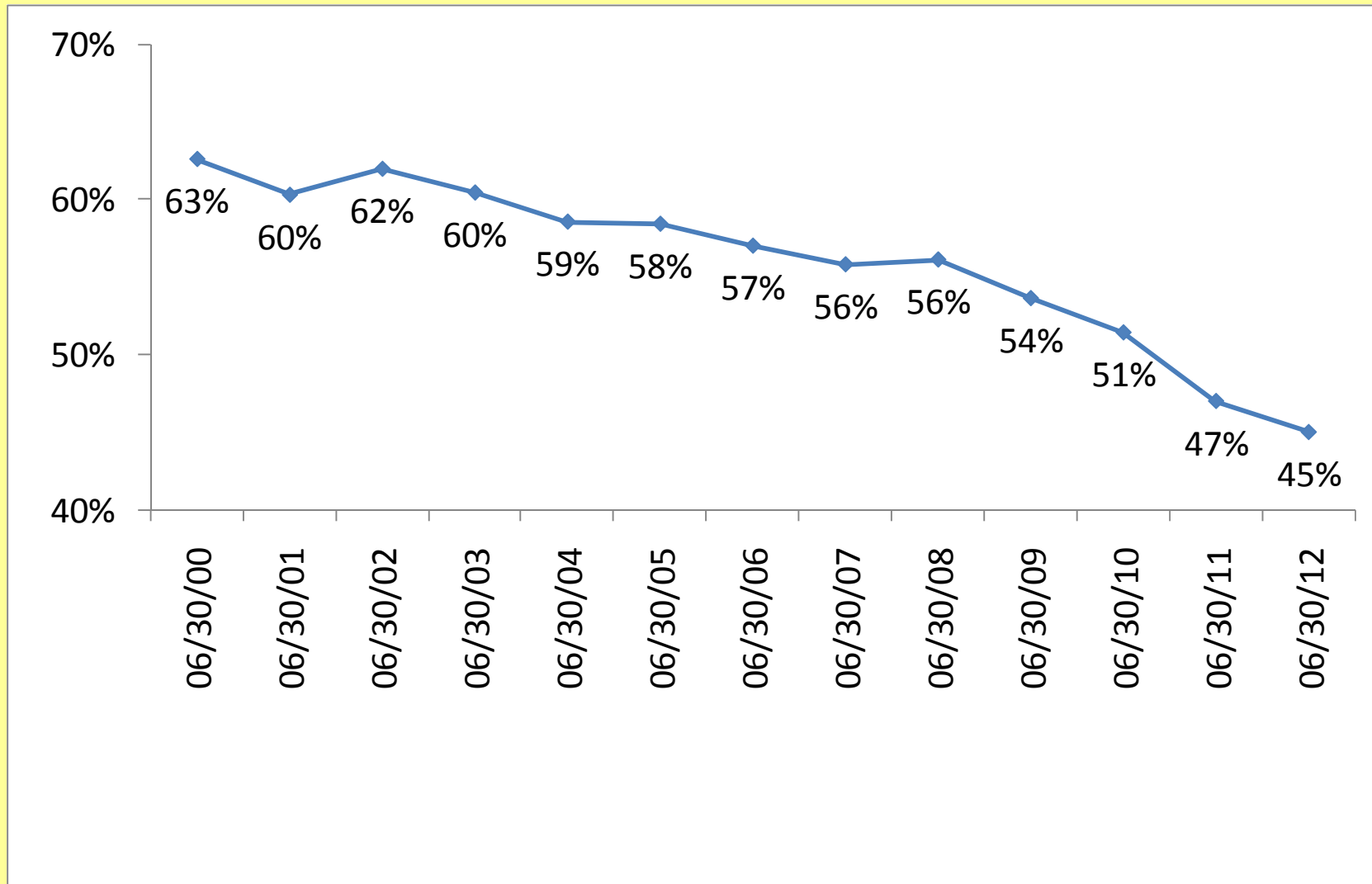
Projected Property Tax Funding FYE 2010 through FYE 2016



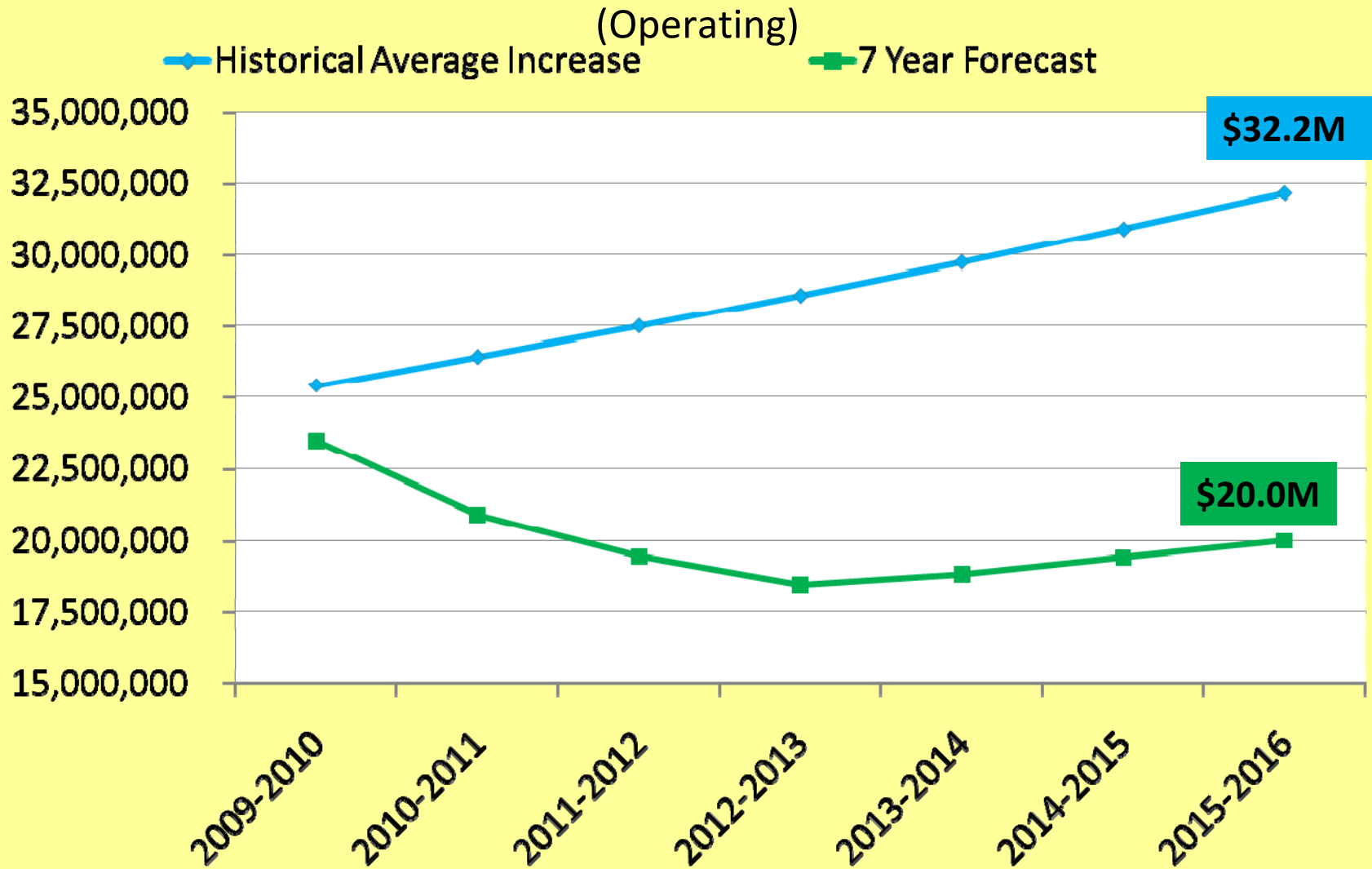
Percentage of Property Tax and State Aid of Total Funding



Percentage of Property Tax and State Aid of Total Funding projected for 2011-2012 with -15% State aid



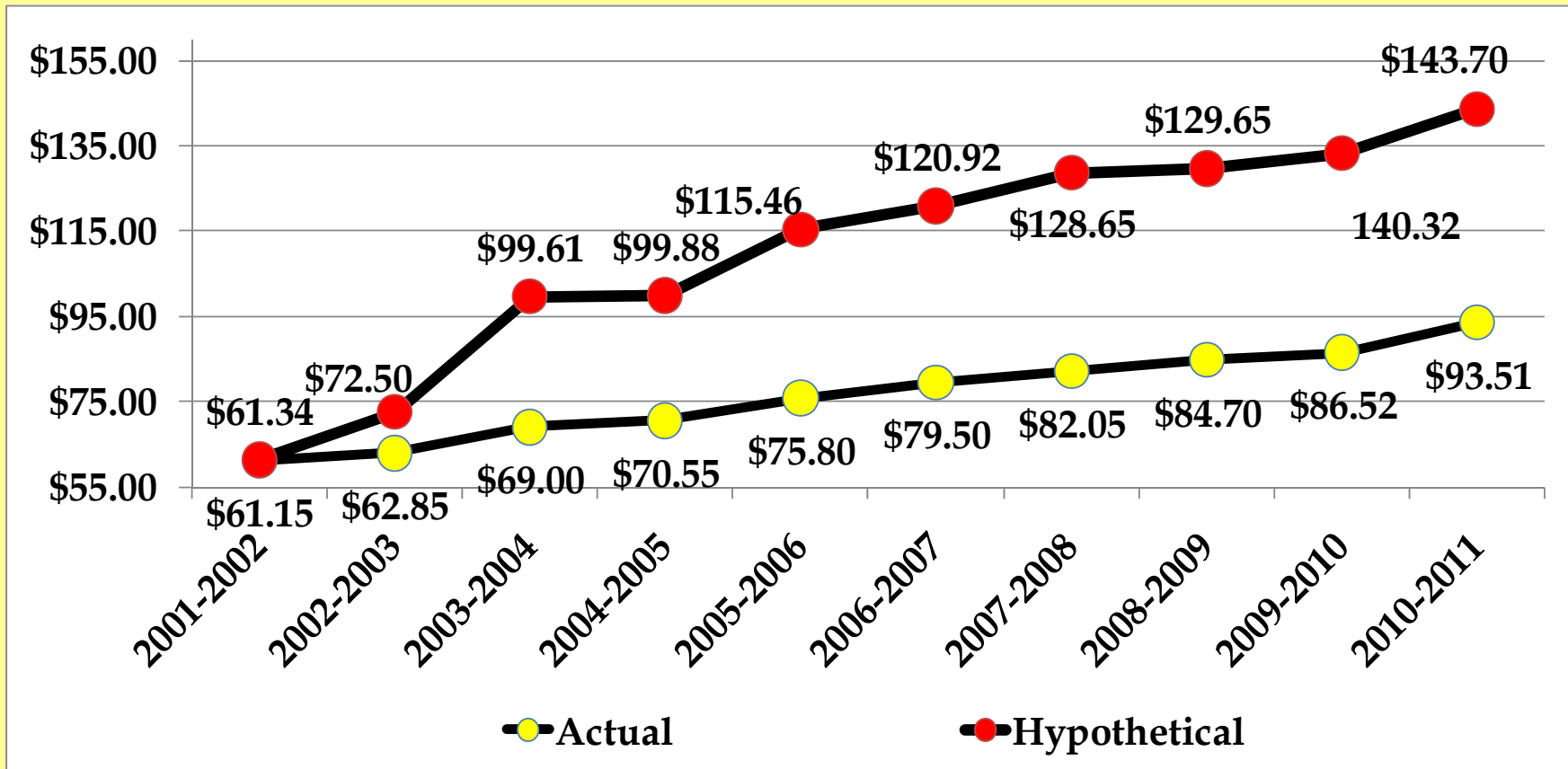
What's Happening with Property Taxes?



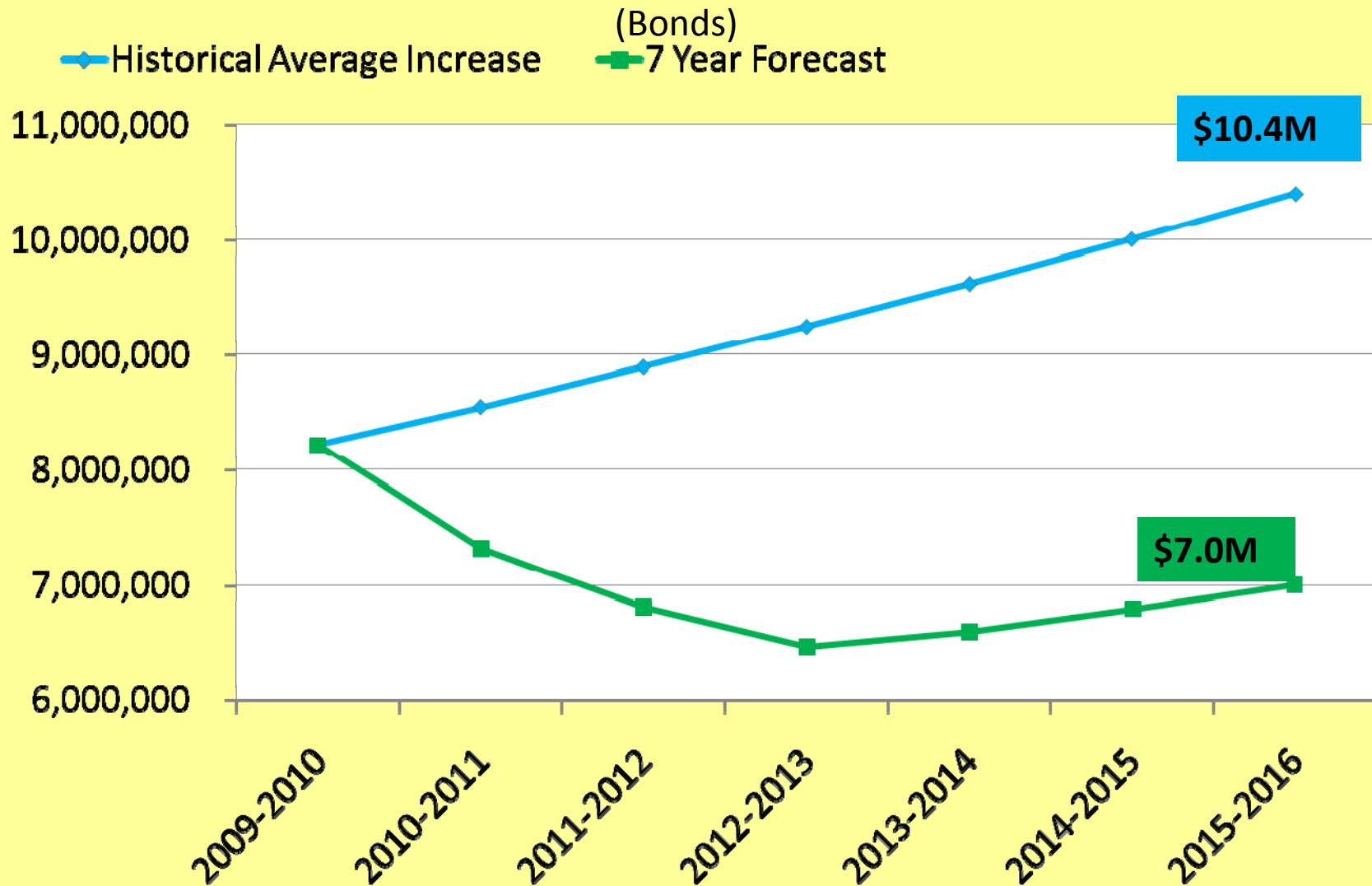
Total lost operating property tax funding over 7 year period is \$60.2 million. The average per year is \$8.6 million.

What If Tuition Covered State Aid Losses?

Add in Property tax loss = \$218.08

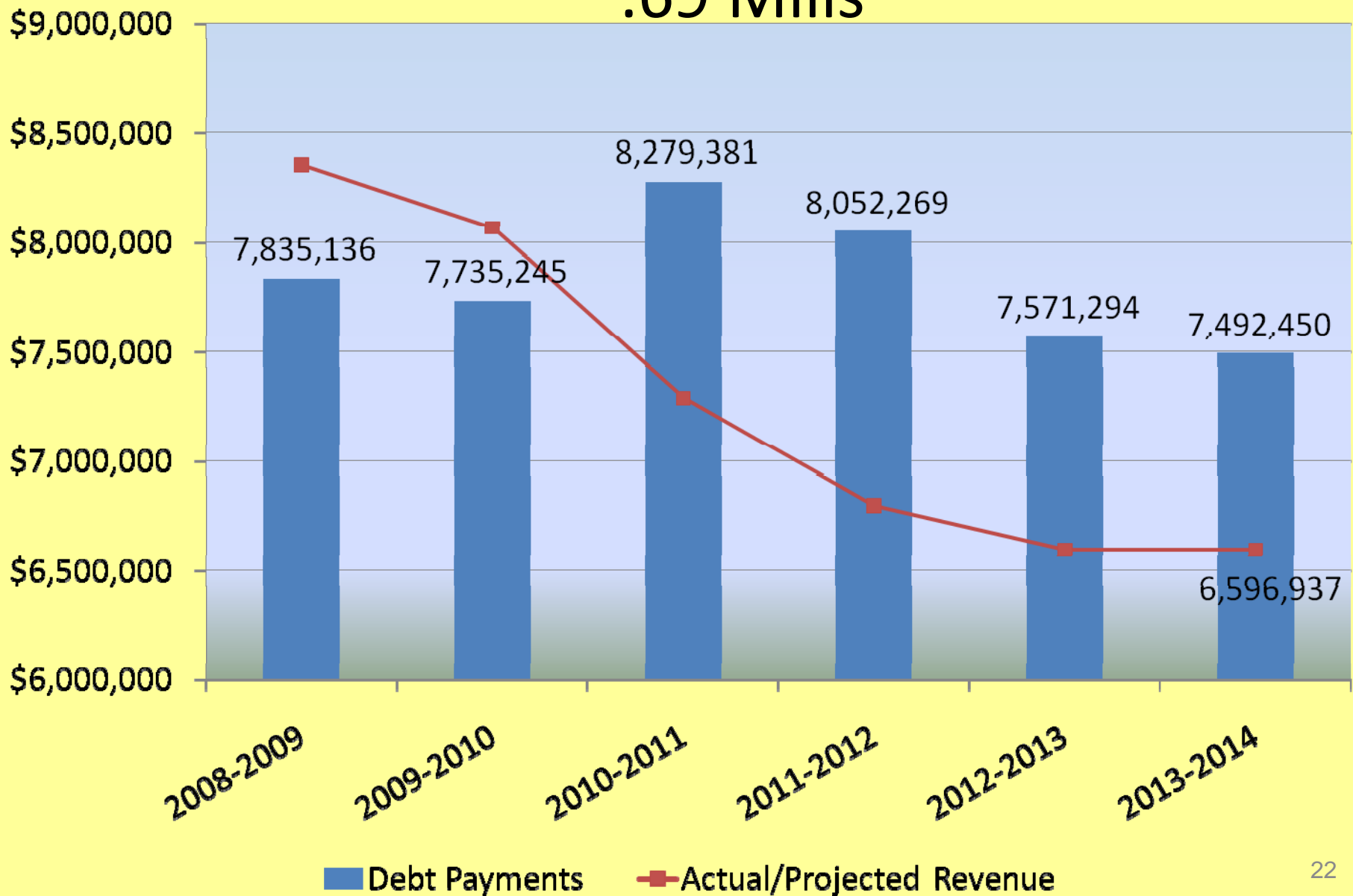


What's Happening with Property Taxes?



**Total lost bond tax funding over 7 year period is \$15.8 million.
The average per year is \$2.3 million.**

Bonded Debt Payments vs Tax Collections at .69 Mills



Bond Funds

1. County and City Taxable Values will decline by 7% for 2011-2012
2. The Financial Impact (Shortfall) to the Bond Funds will be \$ 850,000 in 11/12.
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.

4. Commitment made to voters in 2004 to keep millage at .69 through 2011. (GF contribution \$1.4 million last year)

What Have We Done Regarding Controlling/Cutting Costs?



Past 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

Past 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

Past 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

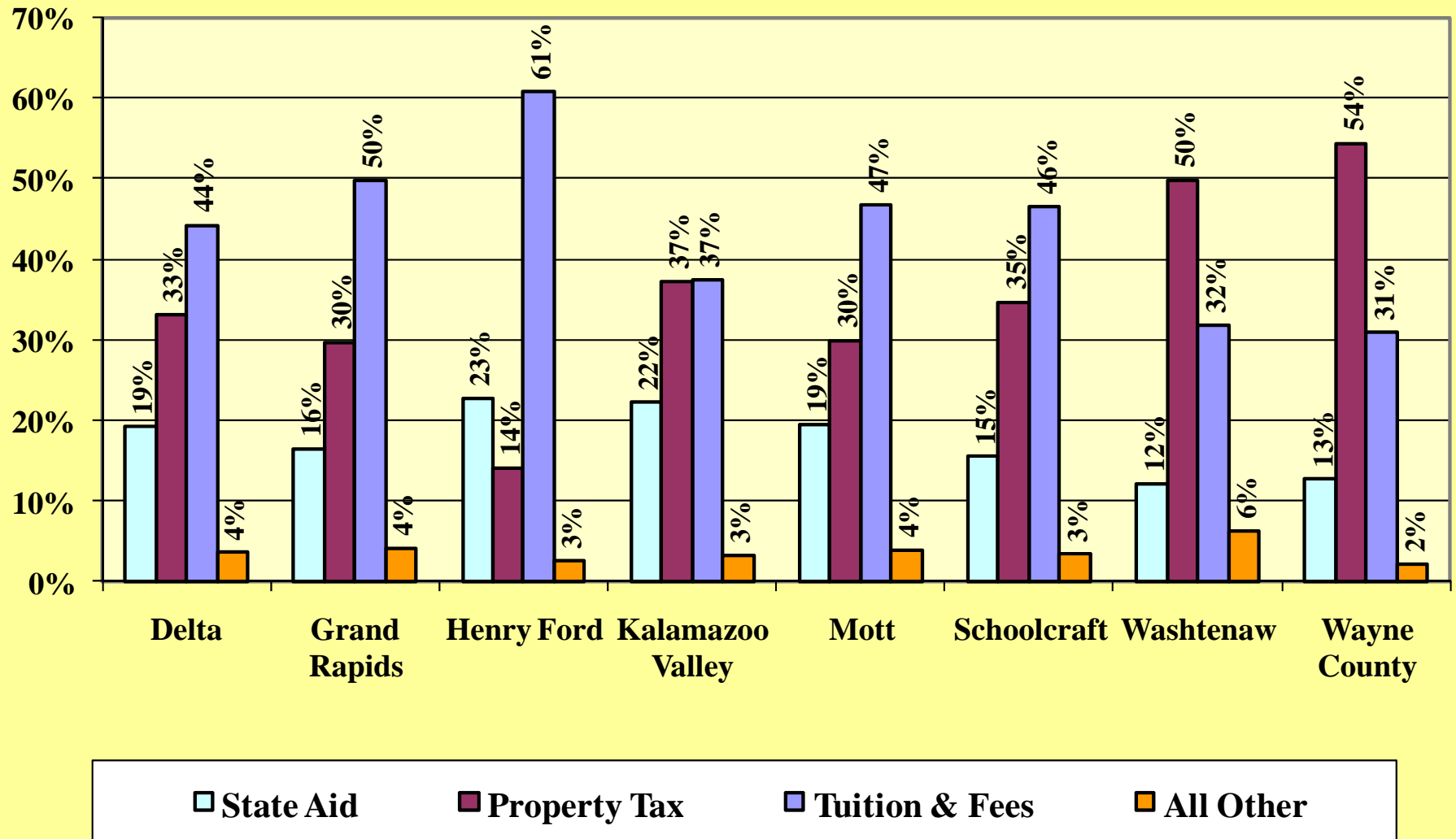
**A Comparison
to**



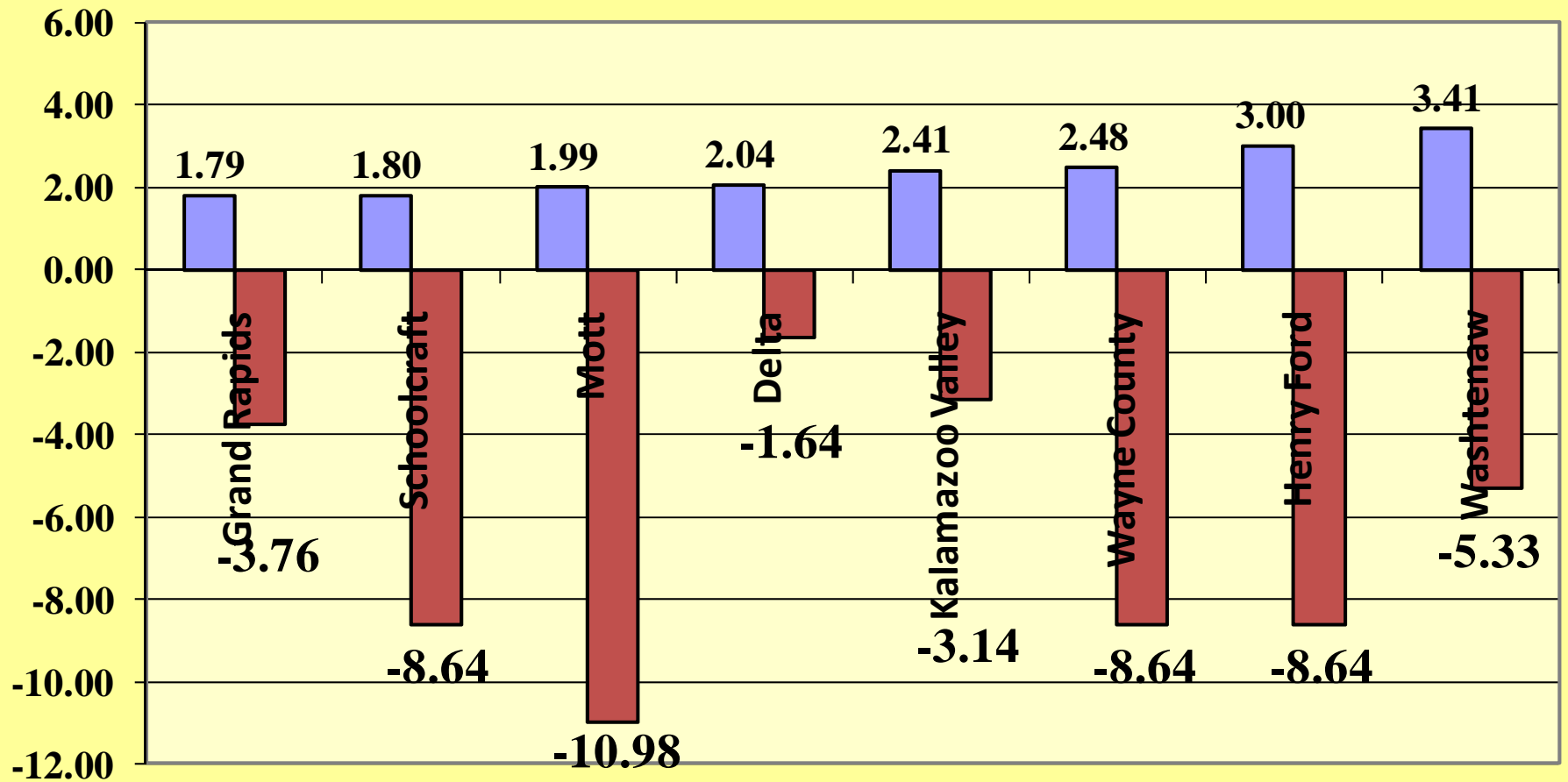
**7 Other Michigan
Peer Community Colleges**

Based on 2009 –2010 ACS Data

Comparison of State of Michigan Peer Group Revenue Percentages Based on 2009 - 2010 ACS Data

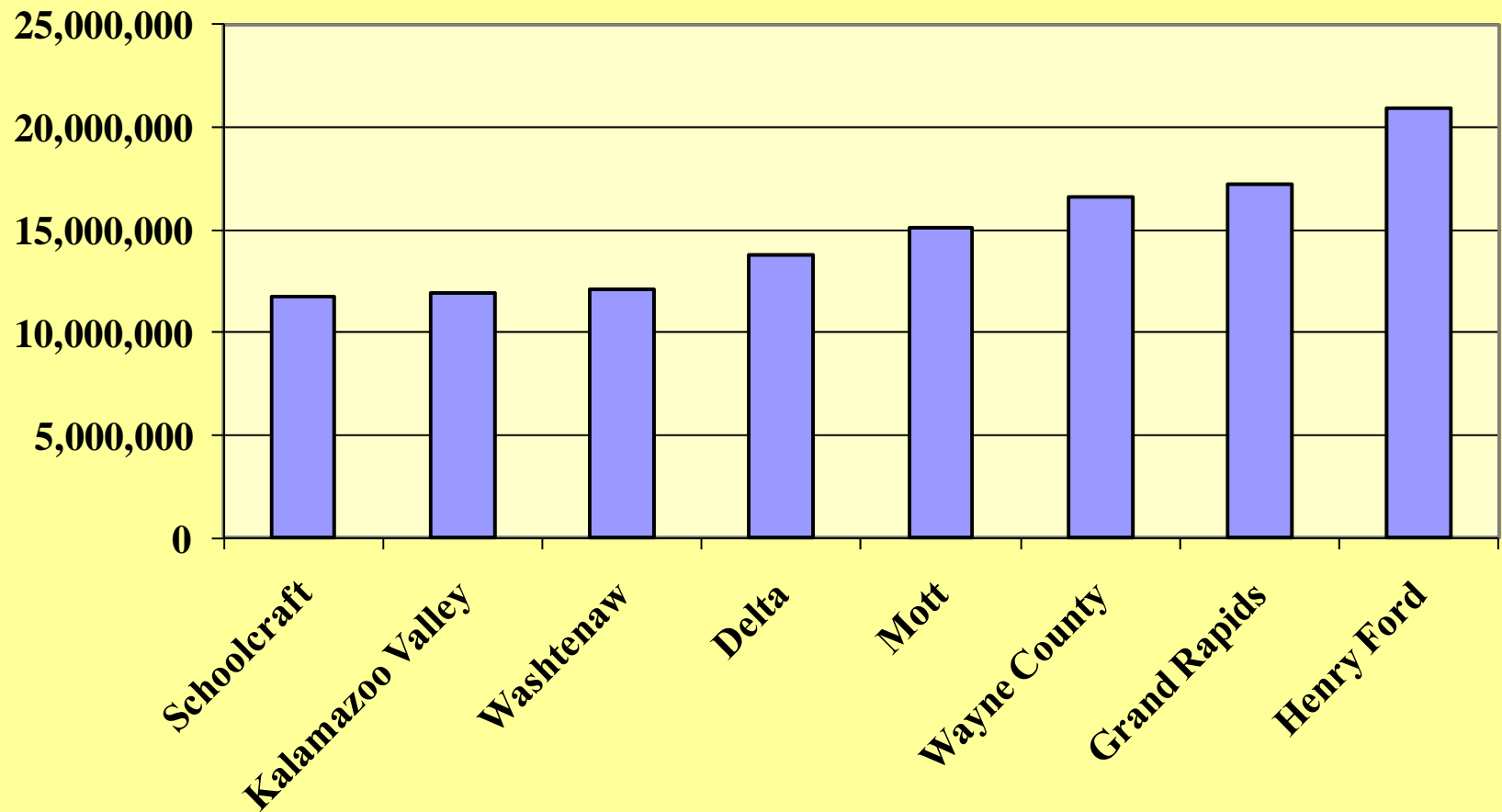


Prior Year Comparison of Millage Rates/Property Tax Declines with State Grouping

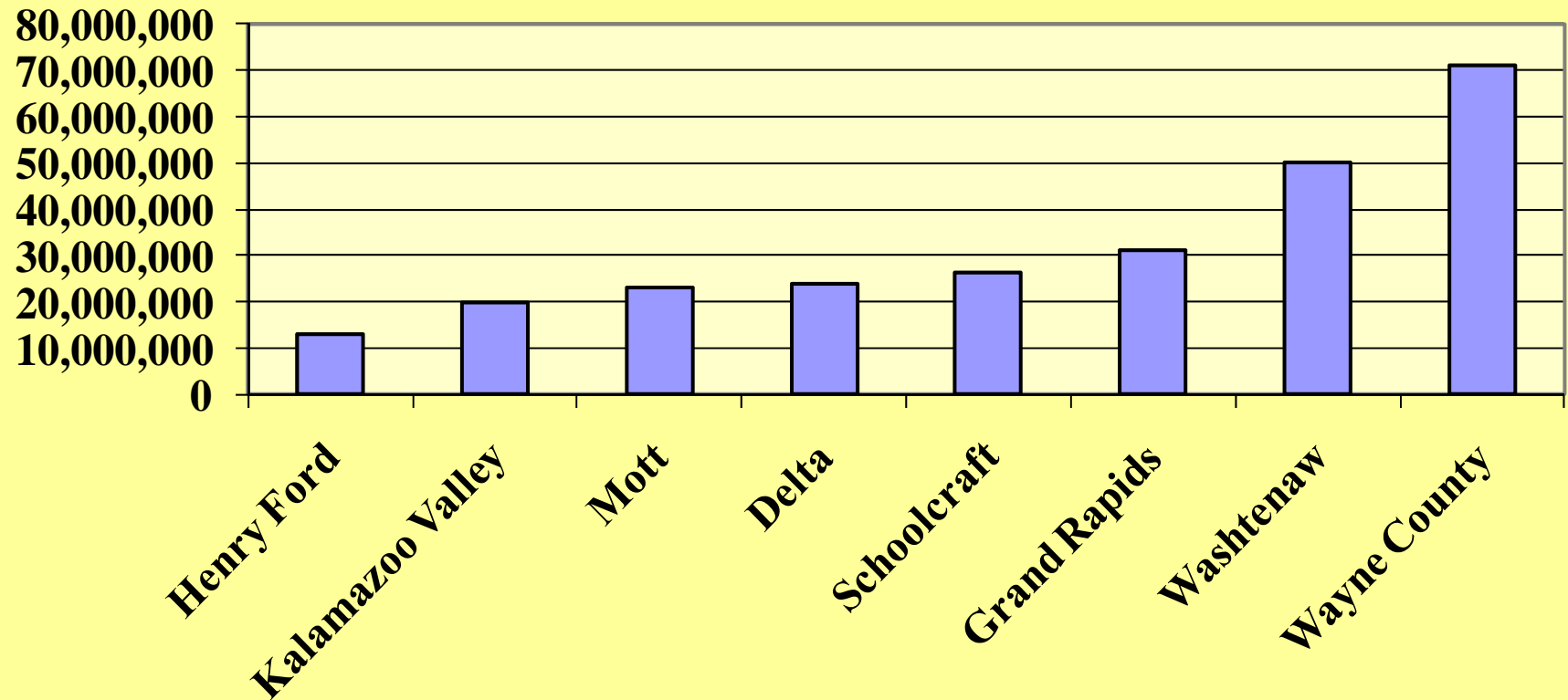


MCC is 3rd Lowest in Millage Rate, and has the Largest Property Tax Decline

Current Year Comparison of State Aid

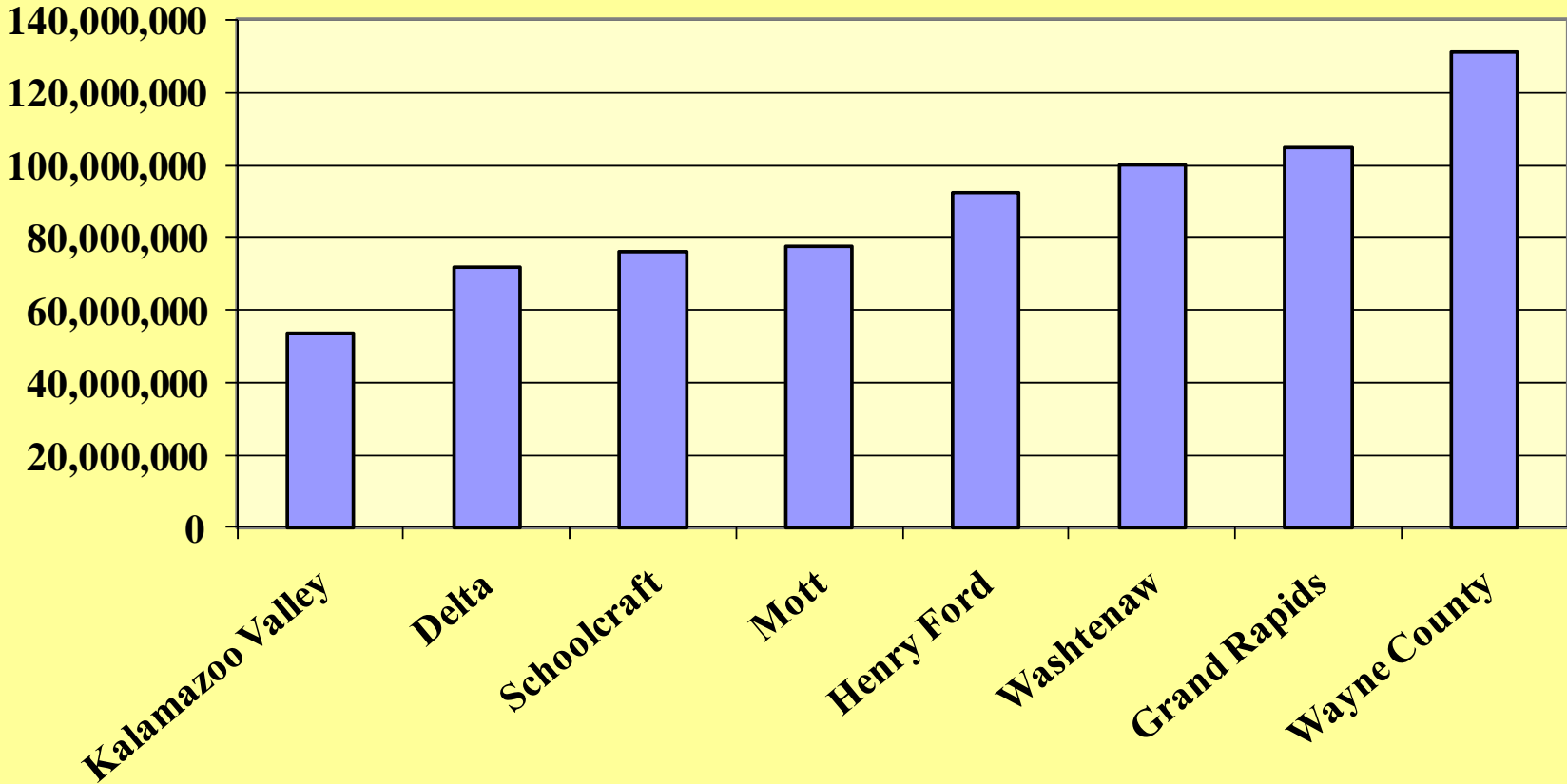


Current Year Comparison of State of Michigan Peer Group Property Tax Revenue



MCC is 3rd Lowest in Property Tax Revenue

Current Year Comparison of State Peer Group Total Revenue



MCC is 4th lowest in Total Revenue

Tuition & Fees: Local Comparison

College	Yearly Tuition & Fees
Mott CC	3,329
Saginaw Valley University	7,308
Eastern Michigan University	8,377
Oakland University	9,285
Baker College - Flint	9,840
Ferris State University	9,930
University of Michigan - Flint	10,097
Central Michigan University	10,380
Michigan State University	11,722
Davenport University	11,814
University of Michigan - Ann Arbor	13,461
ITT Technical of Flint	25,064
Kettering University	29,116

Cost as based on in district/state rates from the College's web sites

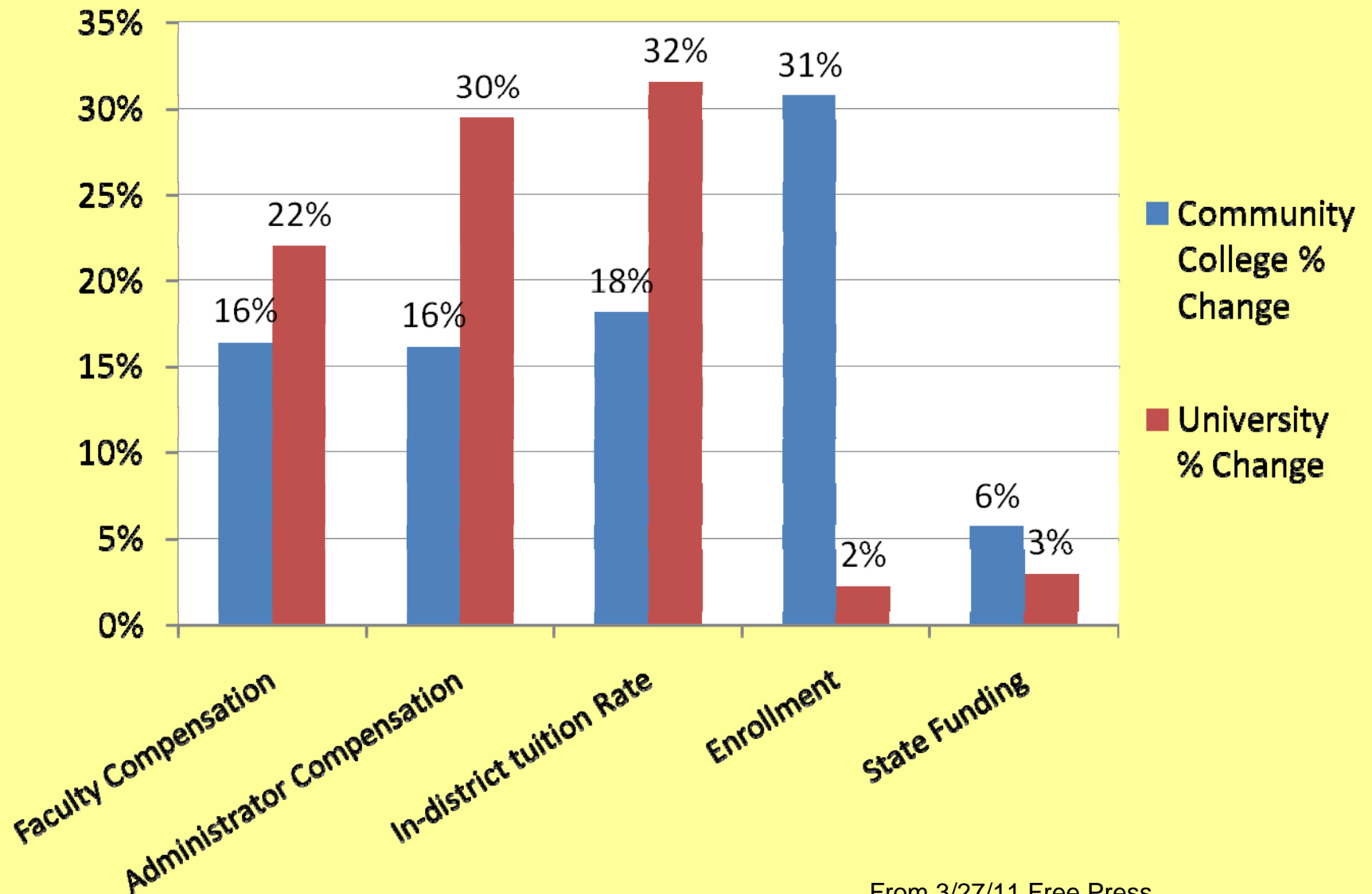
MCC's annual cost is approximately 46% of that of the next most affordable college/university in our area.

Tuition & Fees: Community College Comparison

<i>College</i>	<i>Yearly Tuition & Fees</i>
Mott CC (In-District)	\$3,229
Wayne County CC	\$3,310
Oakland CC	\$3,457
Macomb CC	\$3,760
Schoolcraft CC	\$3,910
Delta CC	\$3,977
Washtenaw CC	\$4,140
Lansing CC	\$4,300
Henry Ford CC	\$4,402
St. Clair CC	\$5,663

**Costs based on published “out of district” rates for other
Community Colleges for 30 Credit/Contact hours**

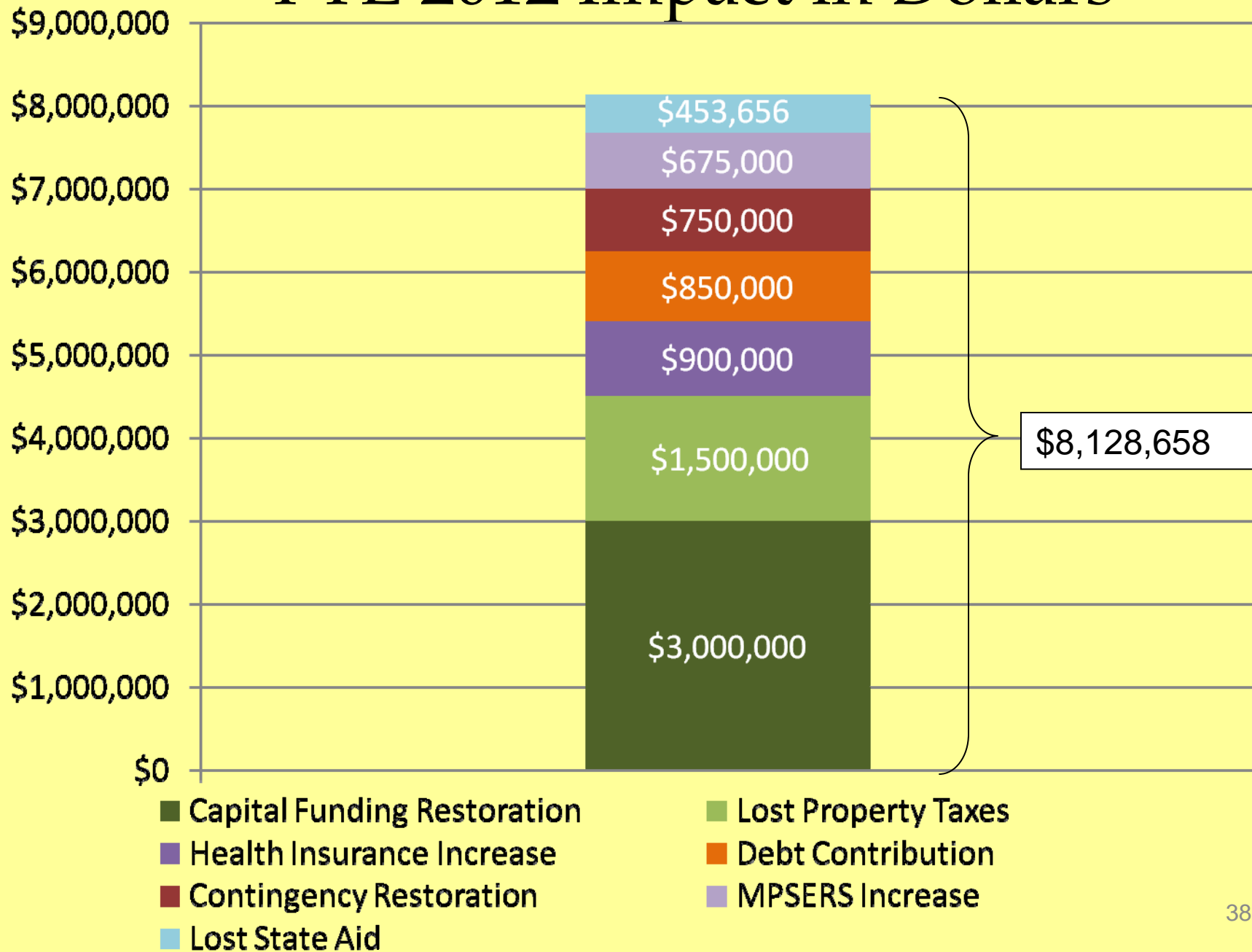
Comparison of MI Community Colleges and Universities from 2005/06 to 2009/10



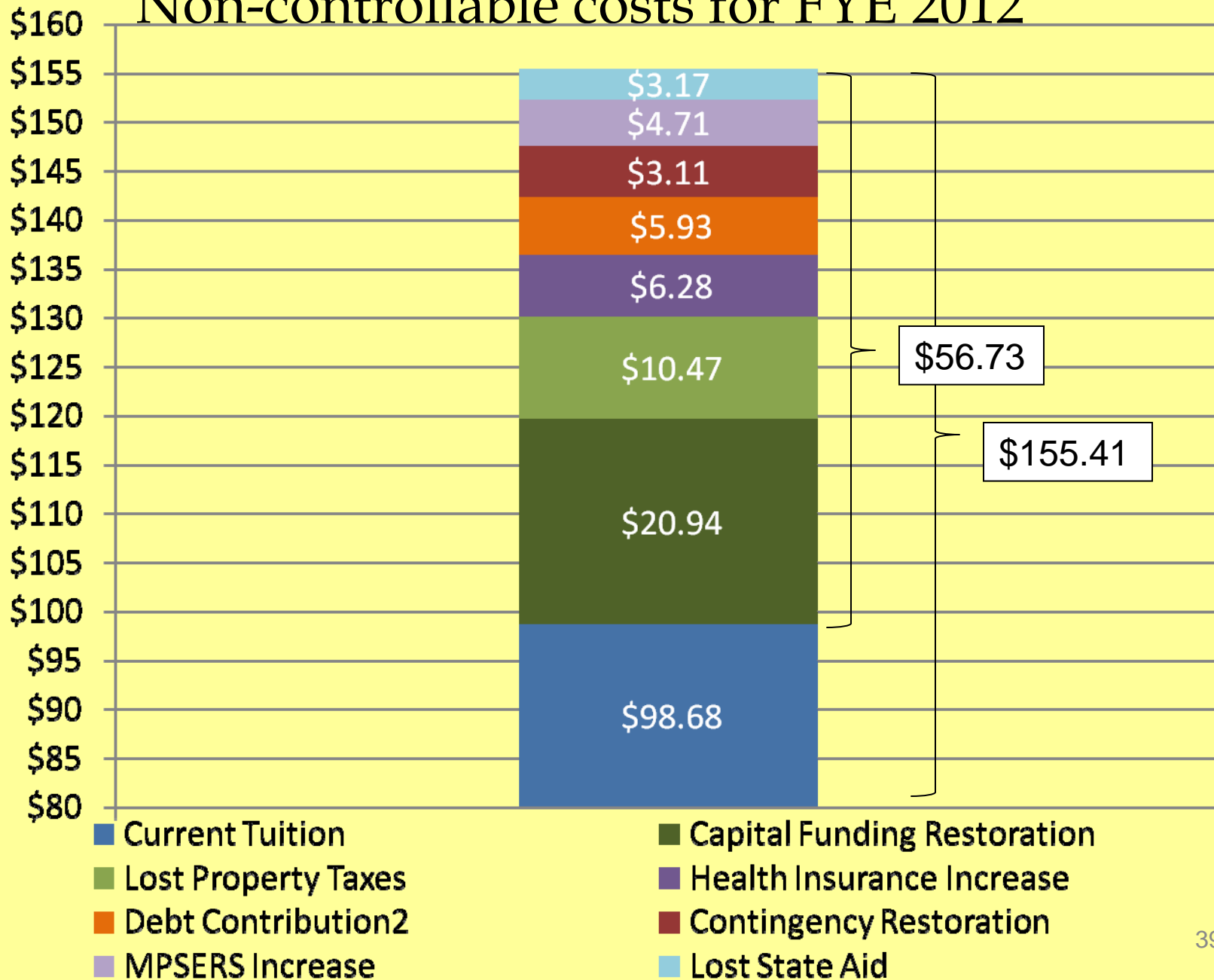
CURRENT YEAR BUDGET IMPACT



FYE 2012 Impact in Dollars

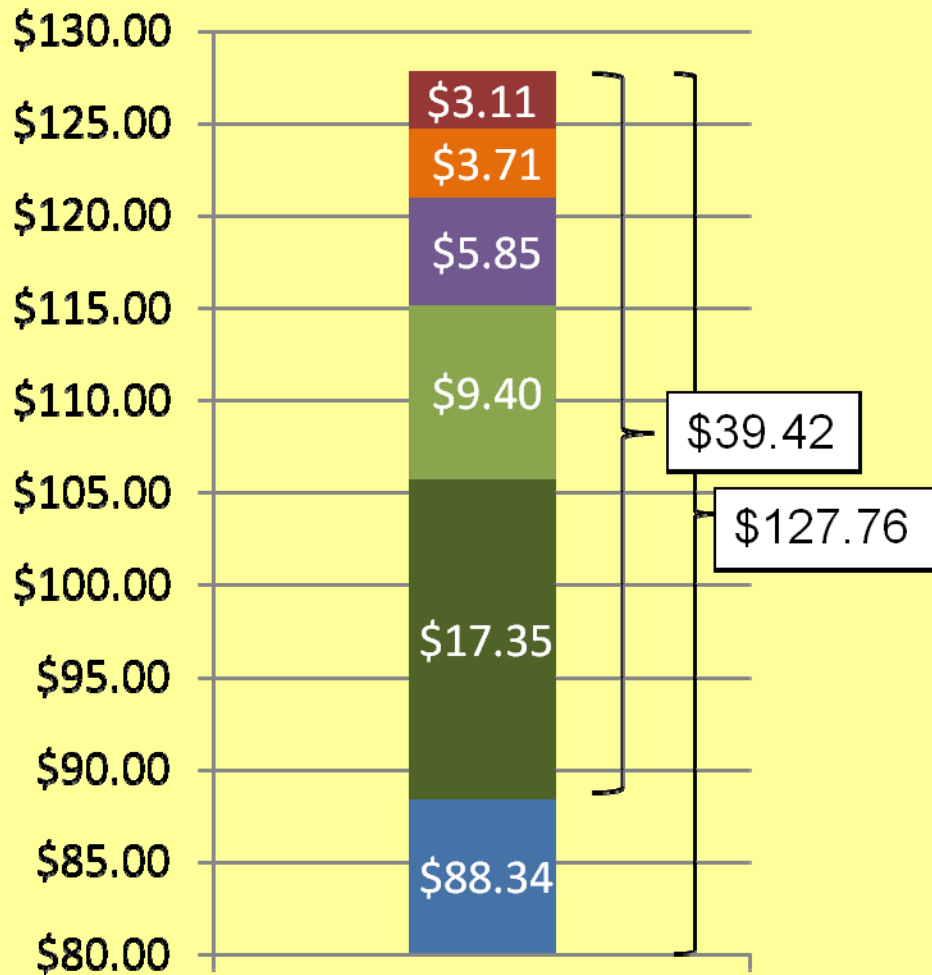


Tuition Keeps Up with Lost Funding/Increase in Non-controllable costs for FYE 2012

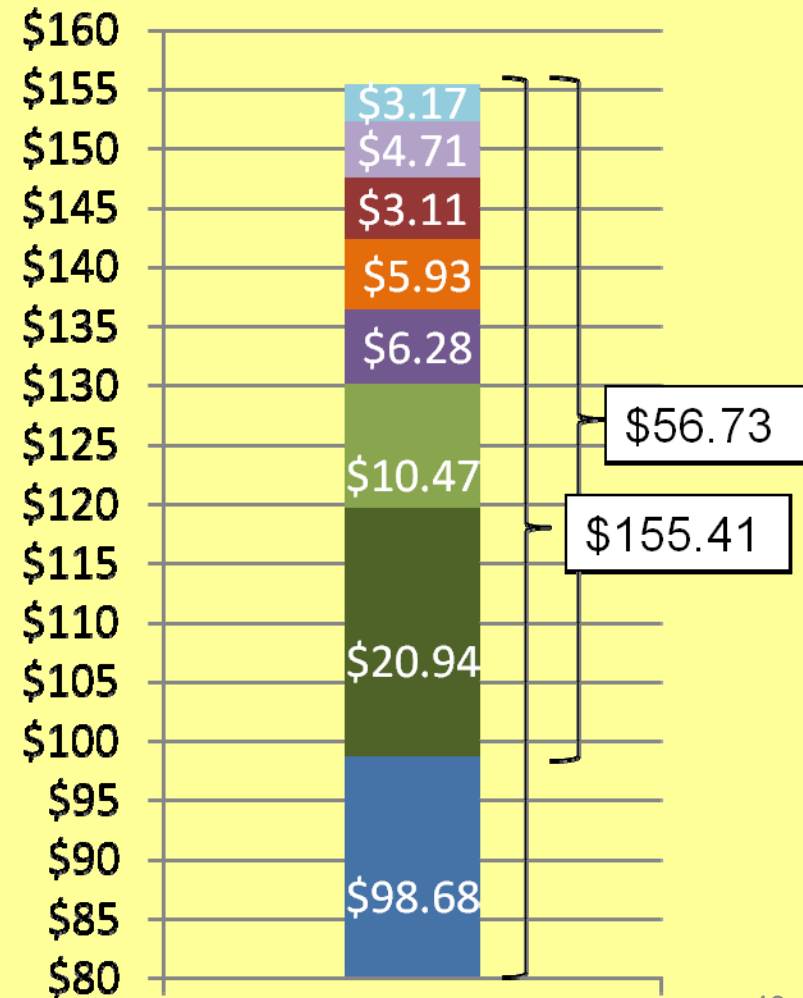


COMPARISON PRIOR YEAR/CURRENT YEAR

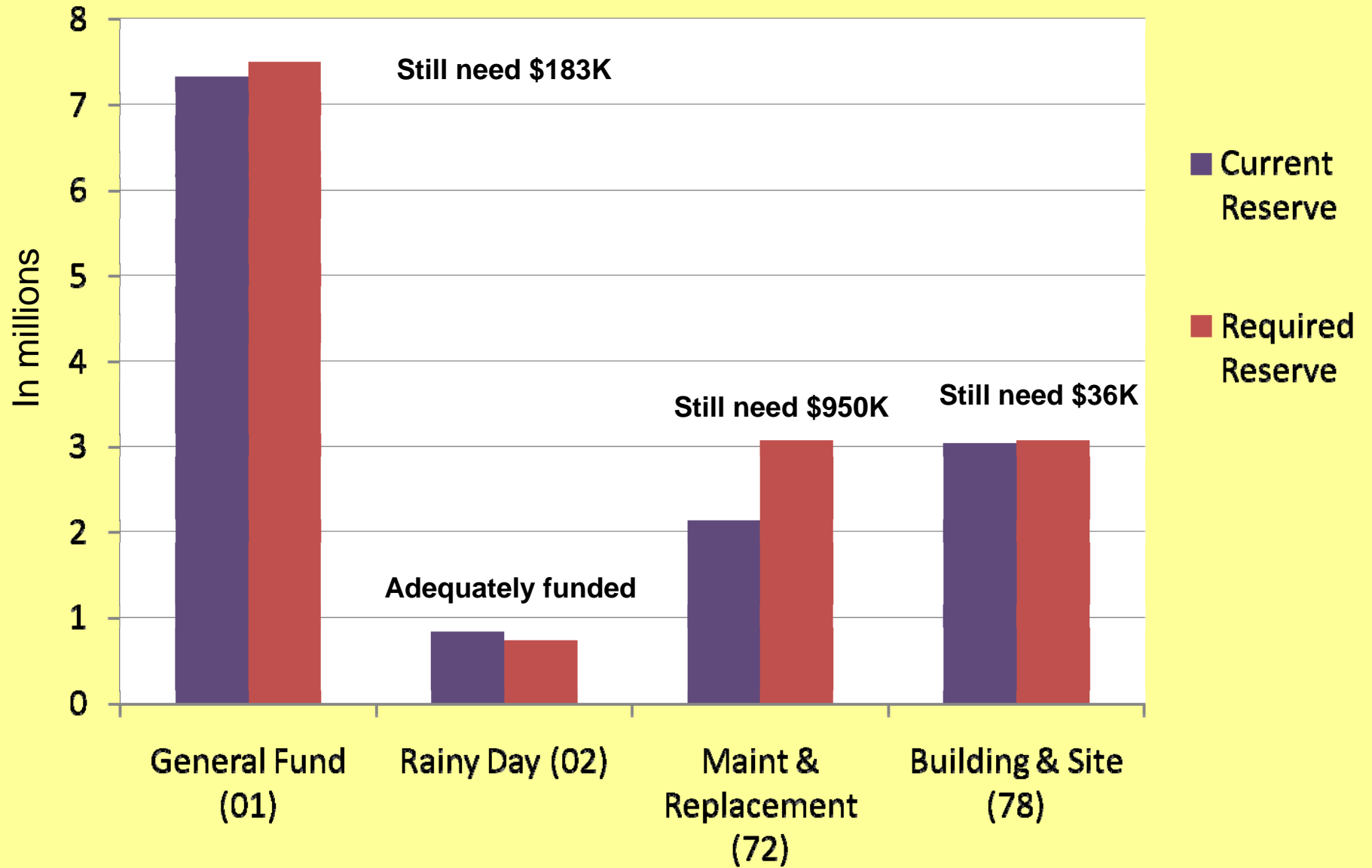
2011



2012



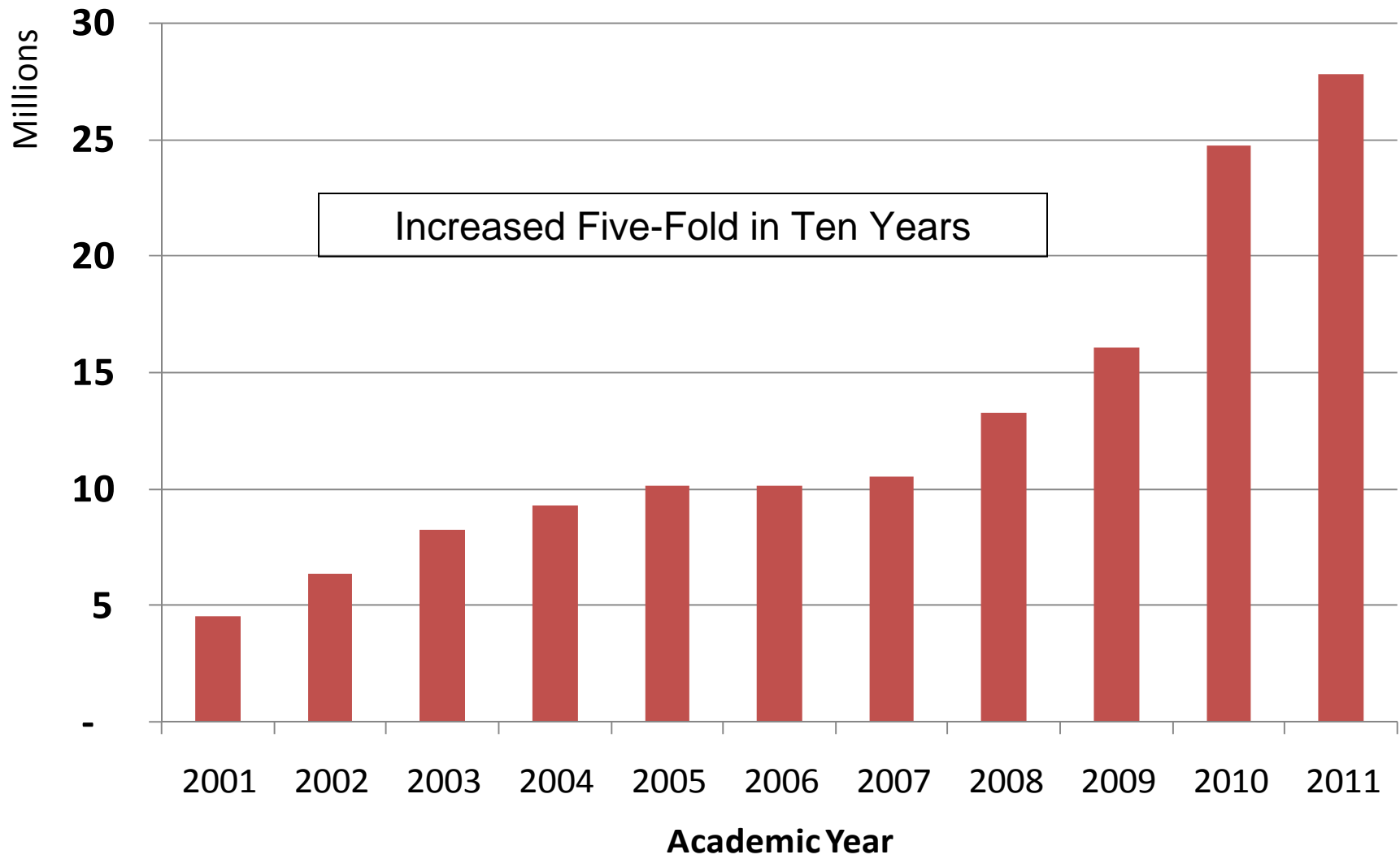
Reserve Requirements



FEDERAL FINANCIAL ASSISTANCE PELL GRANTS



Pell Awards



Pell Award & Cost of Tuition

	Mott Community College <i>In-District</i>	(Published 10/11) Saginaw Valley State University <i>In-State</i>	(Published 10/11) Delta CC <i>Out of District Rate</i>
Pell Awarded	\$5,550	\$5,550	\$5,550
Tuition & Fees (30 contact hours)	\$3,229	\$7,308	\$3,977
Books & Supplies	\$1,000	\$1,000	\$1,000
Difference	\$1,321	-\$2,758	\$ 573



Student Receives
Remaining
Balance



Student Needs
Unmet



Student Receives
Remaining
Balance

Pell Distribution – 09/10

Sample of Approx. 8,000
Students

Awarded	Educational Tuition & Fees	Educational Books & Supplies Charges	Non- Educational Govt. Refund
\$24,787,898	\$14,787,184	\$2,896,345	\$7,104,367

STATE INFLUENCES



PERCENTAGES CAN BE MISLEADING

	Mott Community College In-District	Saginaw Valley State University In-State	University of Michigan - Flint In-State
Current Tuition (30 contact hours)	\$2,960	\$6,870	\$9,692

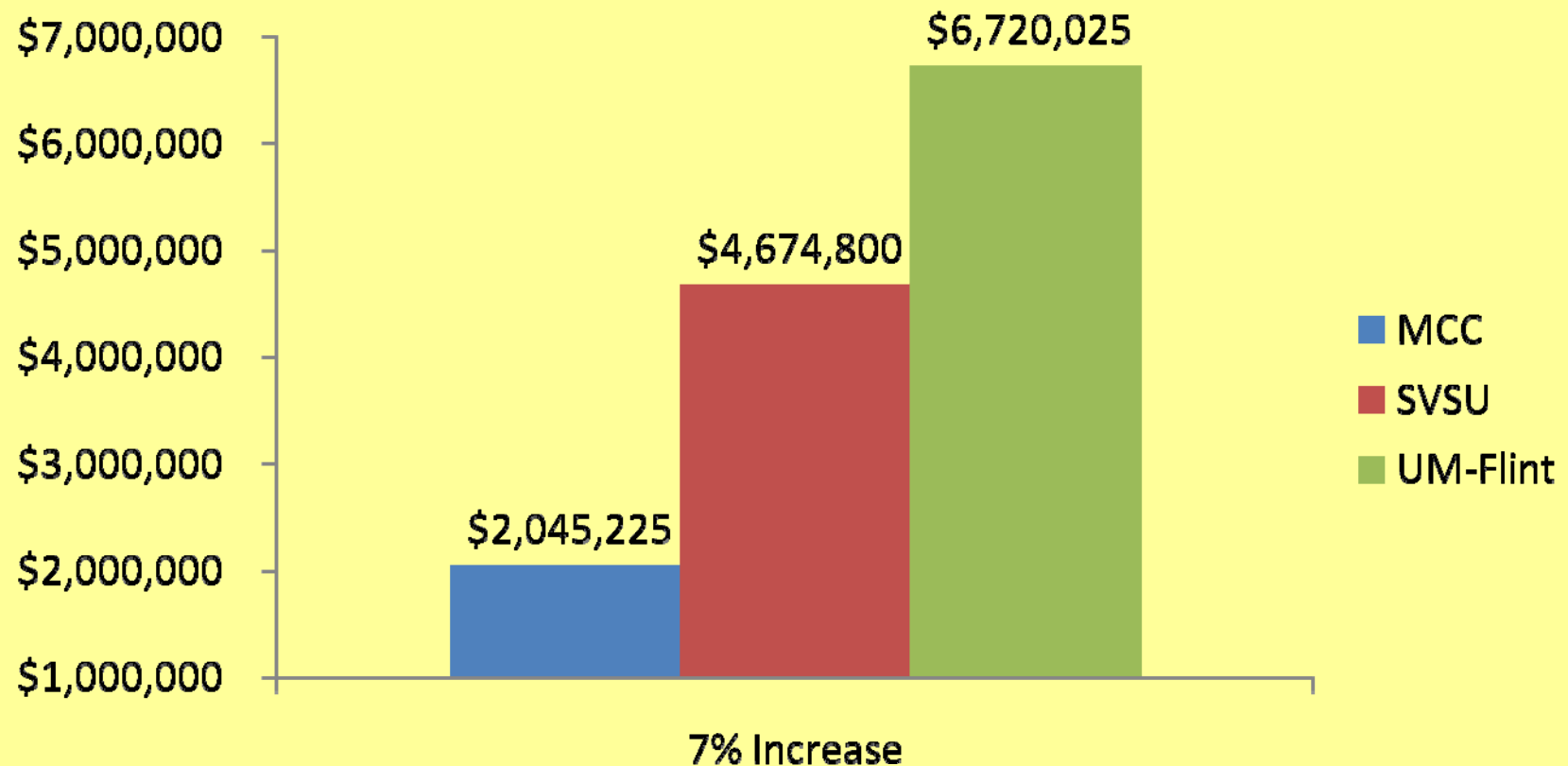
PERCENTAGES CAN BE MISLEADING

	Mott Community College In-District		Saginaw Valley State University In-State		University of Michigan - Flint In-State	
Current Tuition (30 contact hours)	\$2,960		\$6,870		\$9,692	
	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change
5% increase	\$5	\$148	\$11	\$344	\$16	\$485

PERCENTAGES CAN BE MISLEADING

	Mott Community College In-District		Saginaw Valley State University In-State		University of Michigan - Flint In-State	
Current Tuition (30 contact hours)	\$2,960		\$6,870		\$9,692	
	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change
5% increase	\$5	\$148	\$11	\$344	\$16	\$485
7% increase	\$7	\$207	\$16	\$481	\$23	\$678

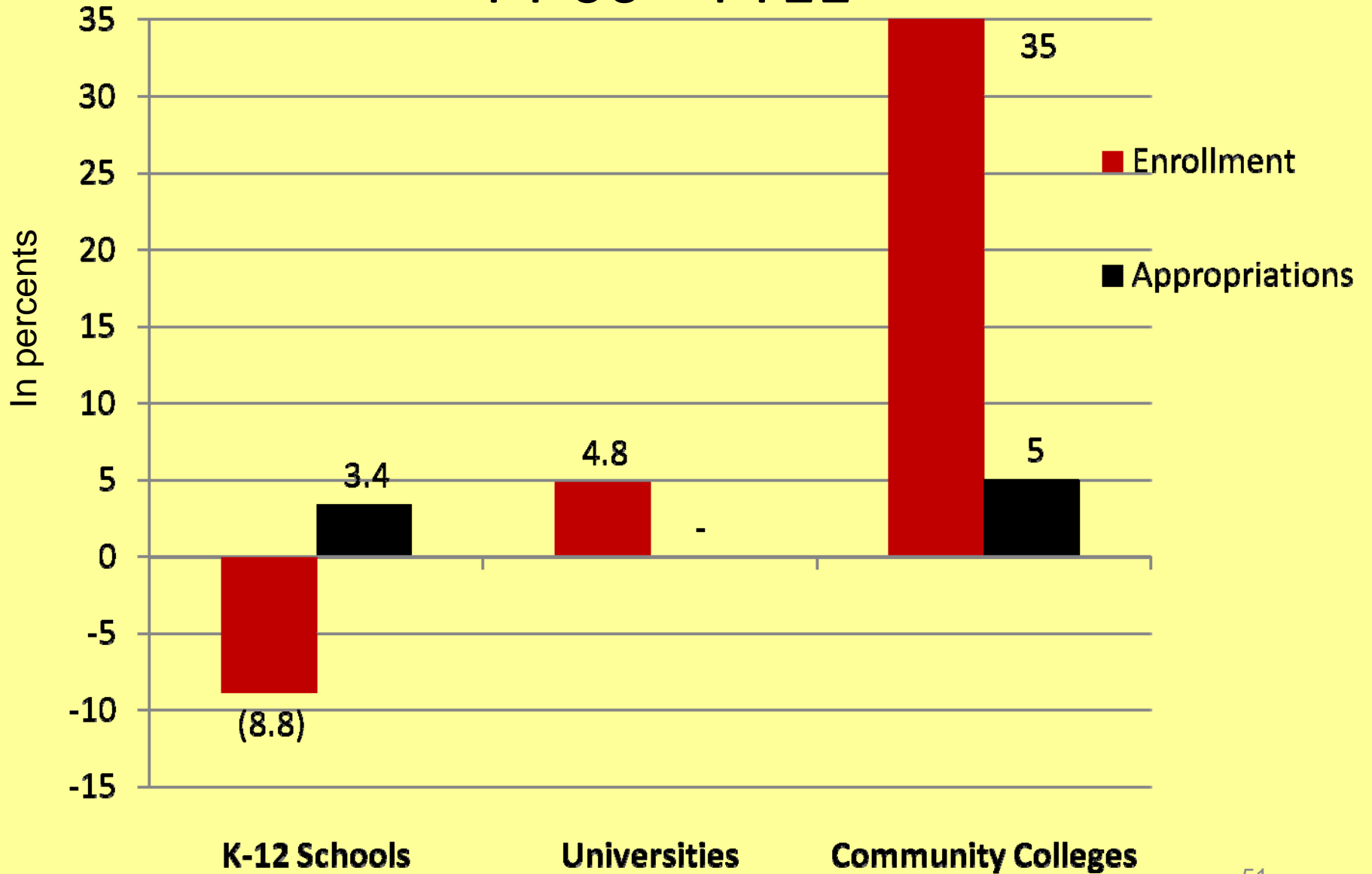
The Inequality of any Percentage Increase

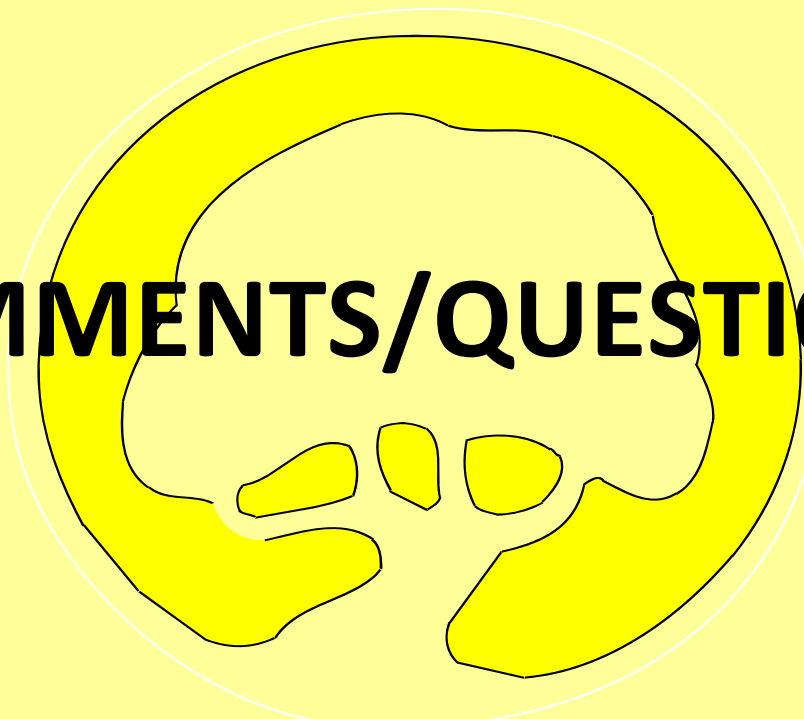


The impact of a 7% tuition increase for MCC compared with local 4 year Universities

Enrollment vs Appropriations

FY 06 – FY11





COMMENTS/QUESTIONS?