

# *Mott Community College*



*Employee Open Forum*  
*May 9, 2011*

**College Finances**

# ***STRATEGIC PLAN***

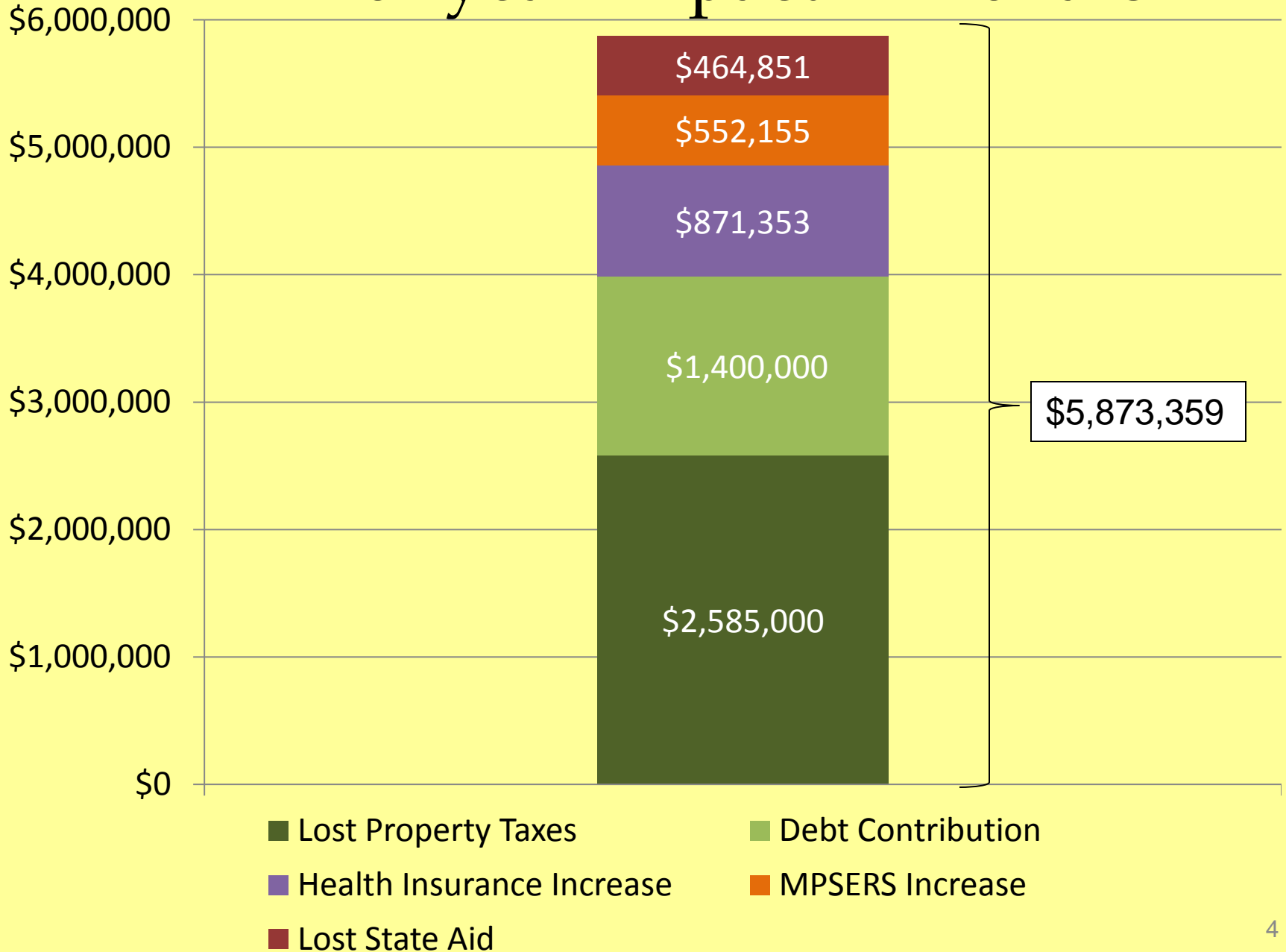
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- *7-0. Budget/Finance*
- *7-1. Focus on controllable revenues and costs to sustain our current reputation and facilities and provide funding for strategic priorities*
- *7-2. Establish short and long-term budget and finance priorities that provide 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*

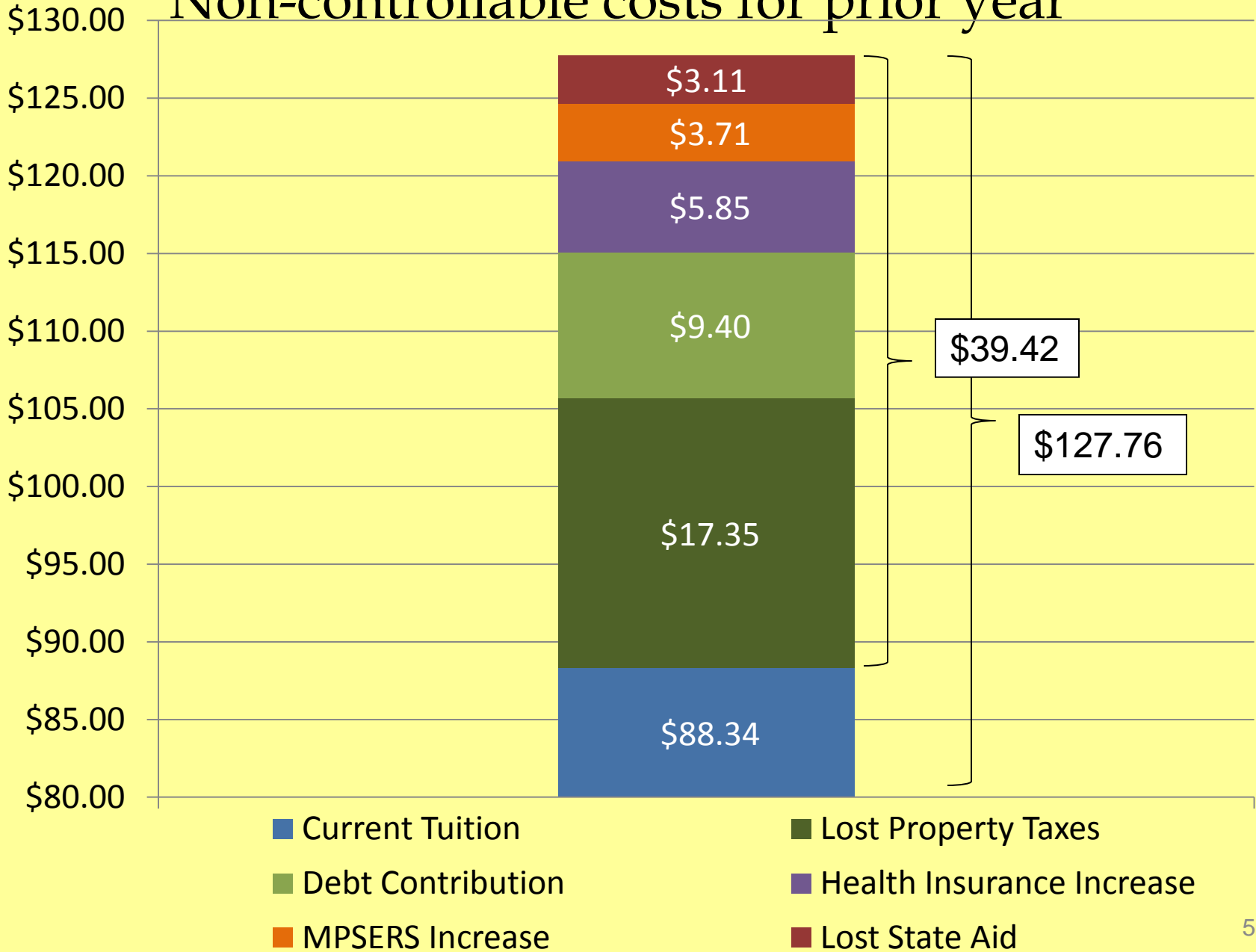
# PRIOR YEAR BUDGET IMPACT



# 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

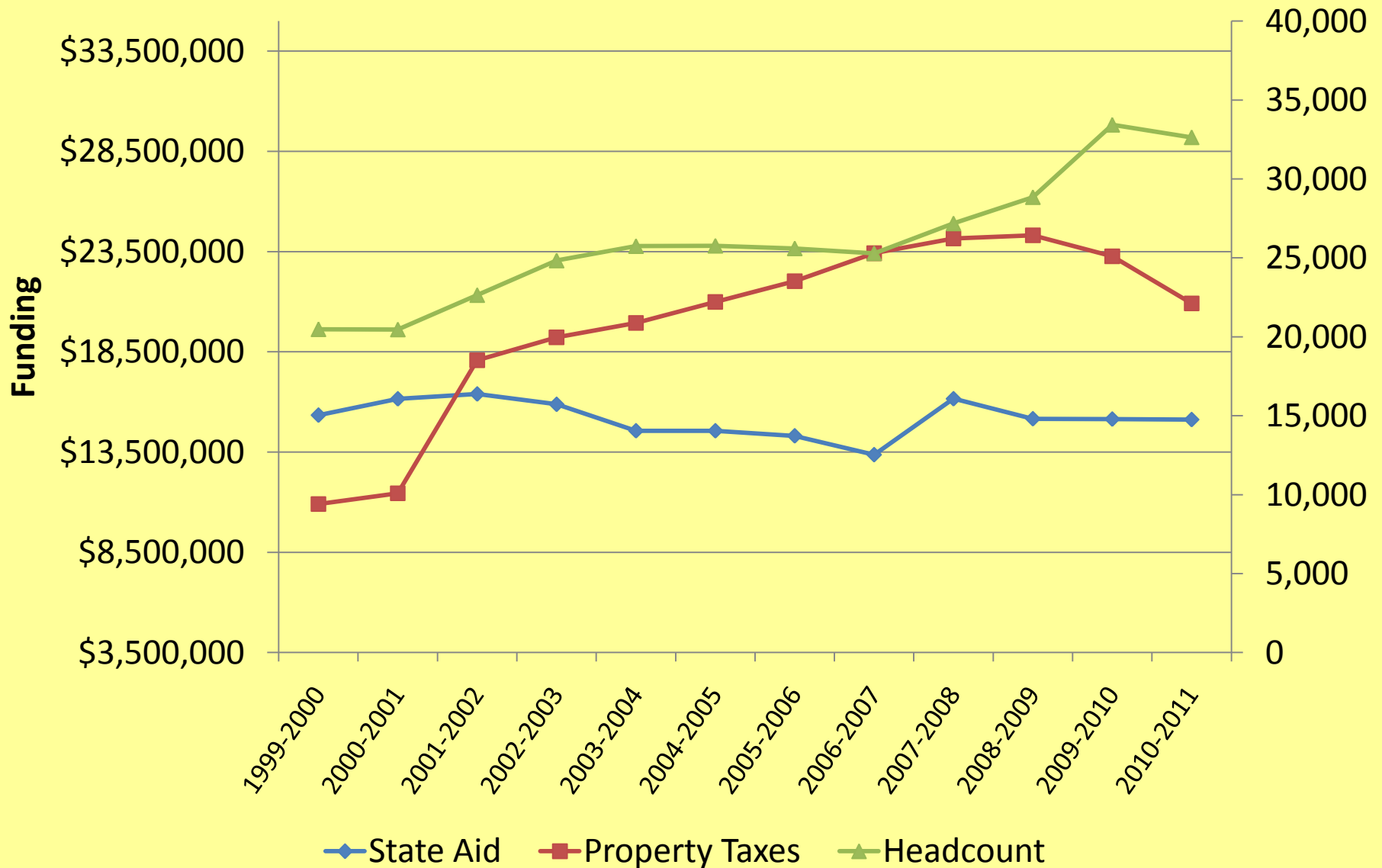
-Operating

-Debt

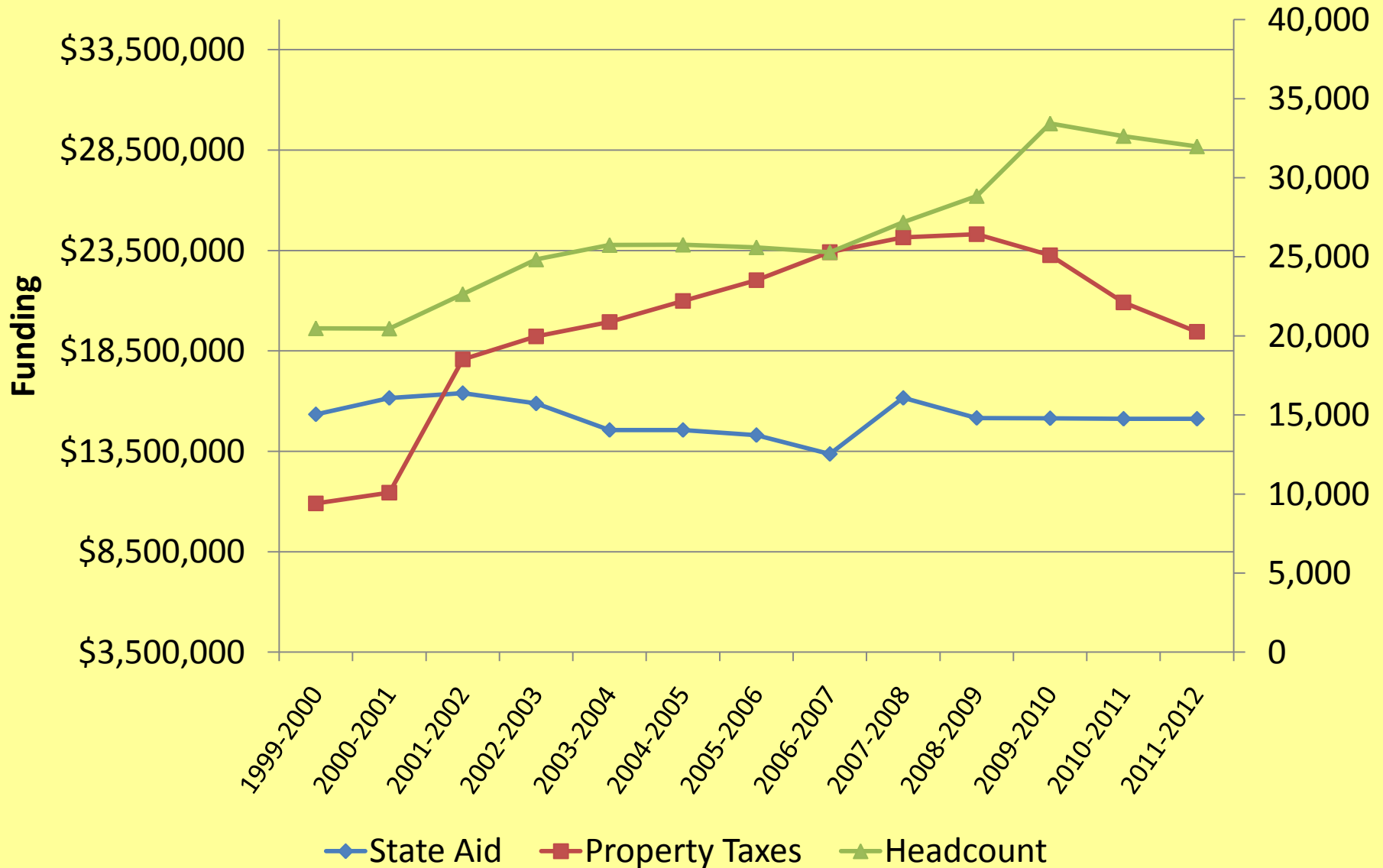
Tuition



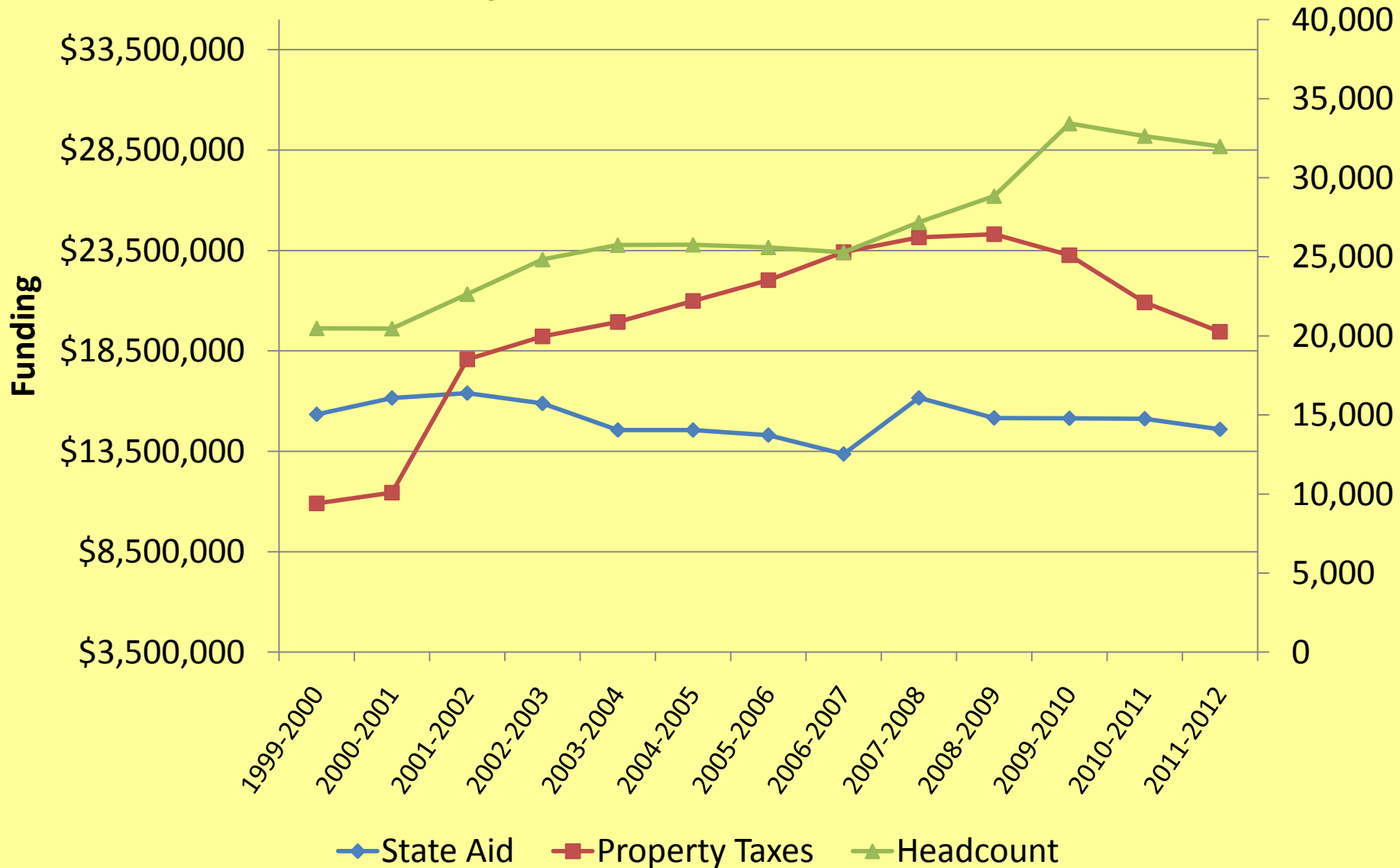
# Trends in Funding Sources & Enrollment



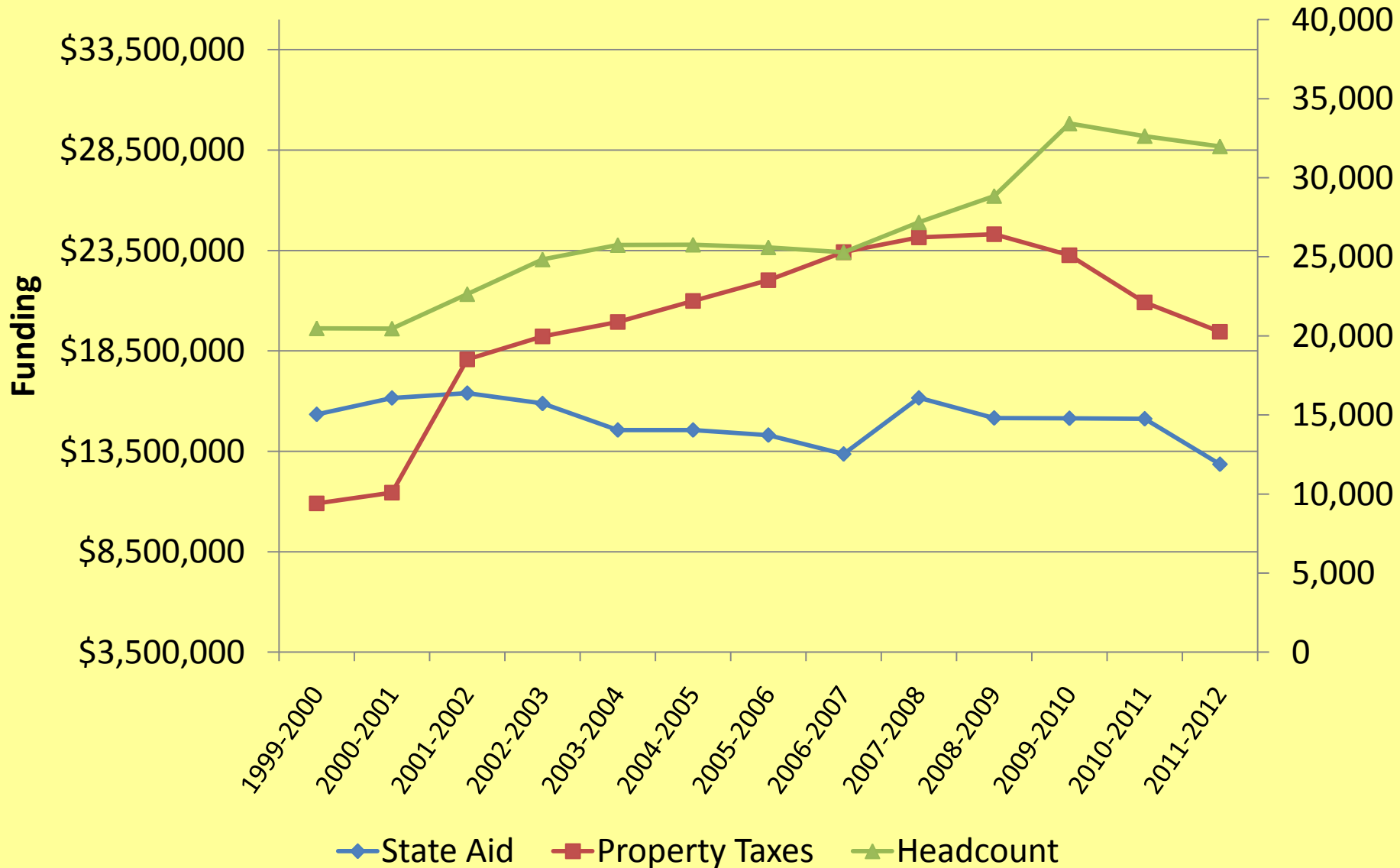
# 2011-12 FUNDING PROJECTIONS with flat State Aid



# 2011-12 FUNDING PROJECTIONS with 3.5% Decrease in State Aid



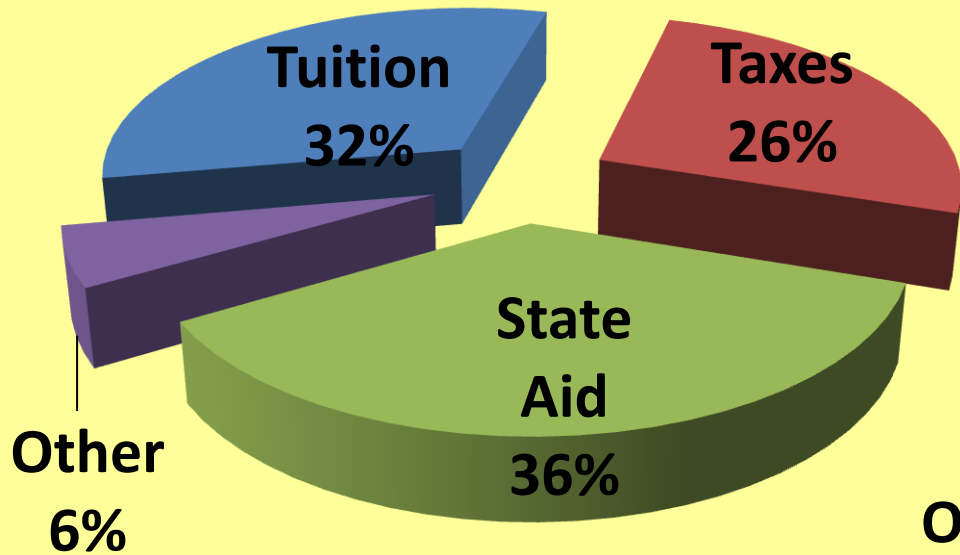
# 2011-12 FUNDING PROJECTIONS with a 15% Decrease in State Aid



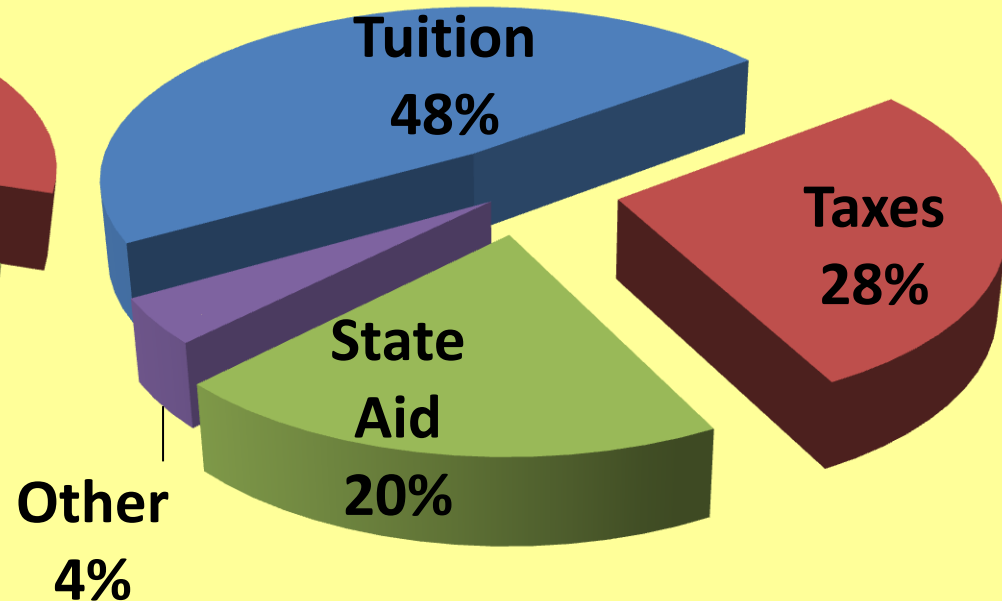
# THEN and NOW

1999-2000

2010-2011



State Aid Funding  
**\$15,344,107**



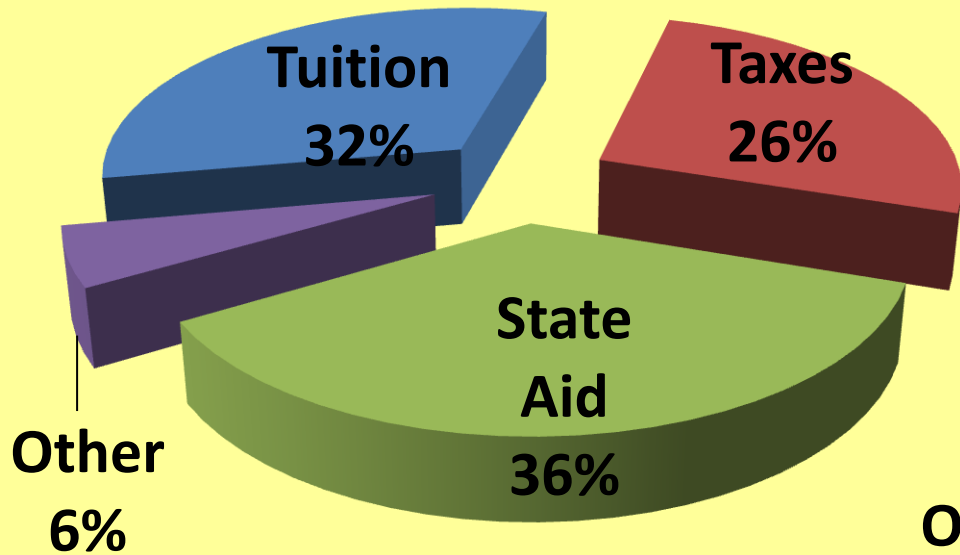
State Aid Funding  
**\$15,121,880**

# THEN and NOW

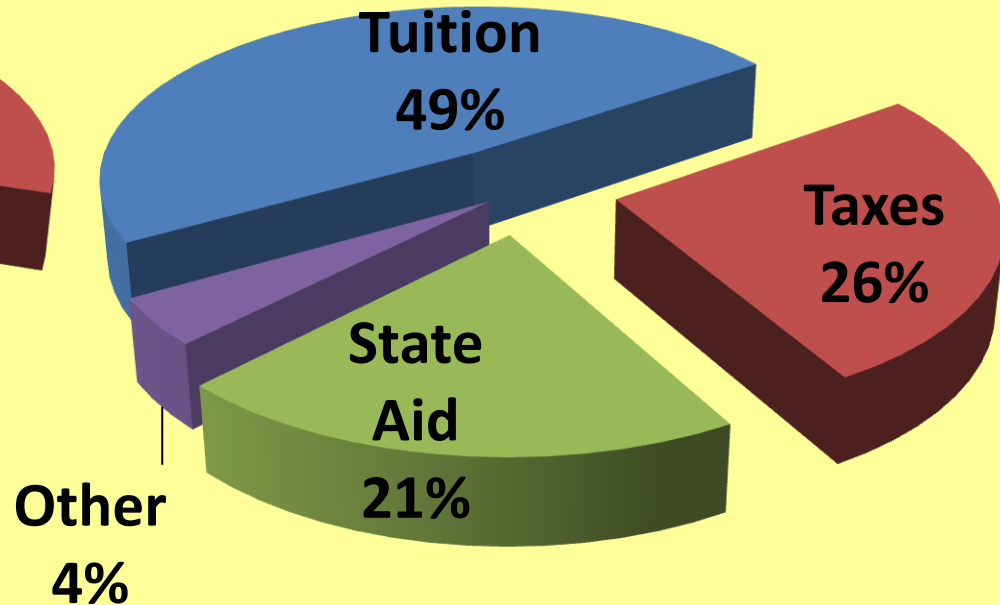
Projected 2011-2012 with flat State aid

1999-2000

2011-2012



State Aid Funding  
**\$15,344,107**



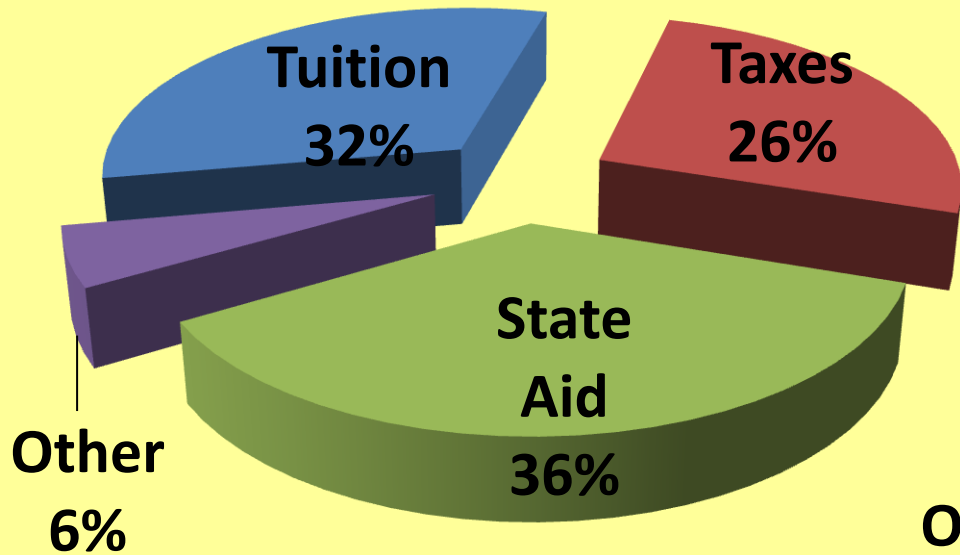
State Aid Funding  
**\$15,121,880**

# THEN and NOW

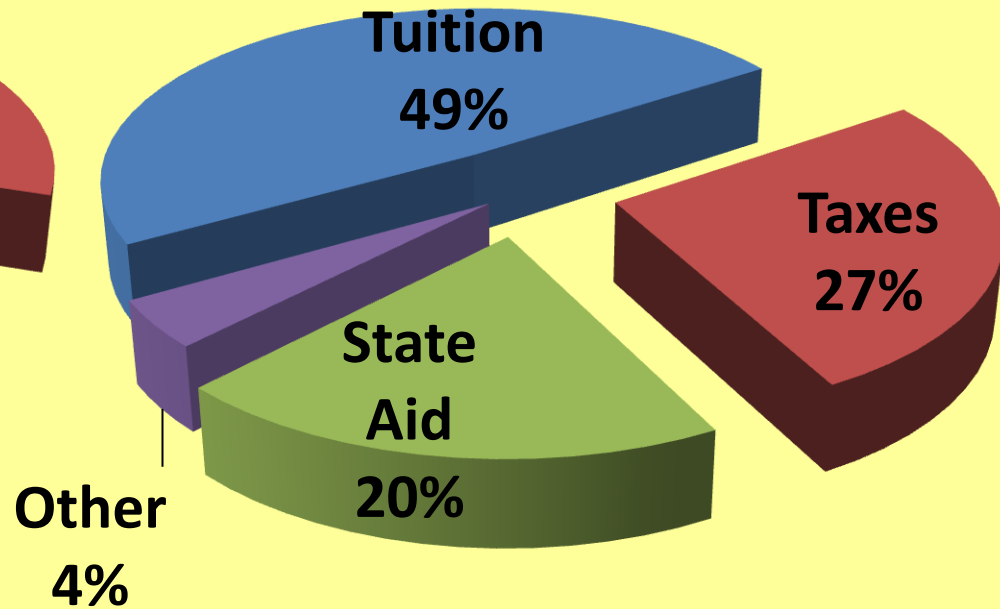
Projected 2011-2012 with -3.5% State aid

1999-2000

2011-2012



State Aid Funding  
**\$15,344,107**



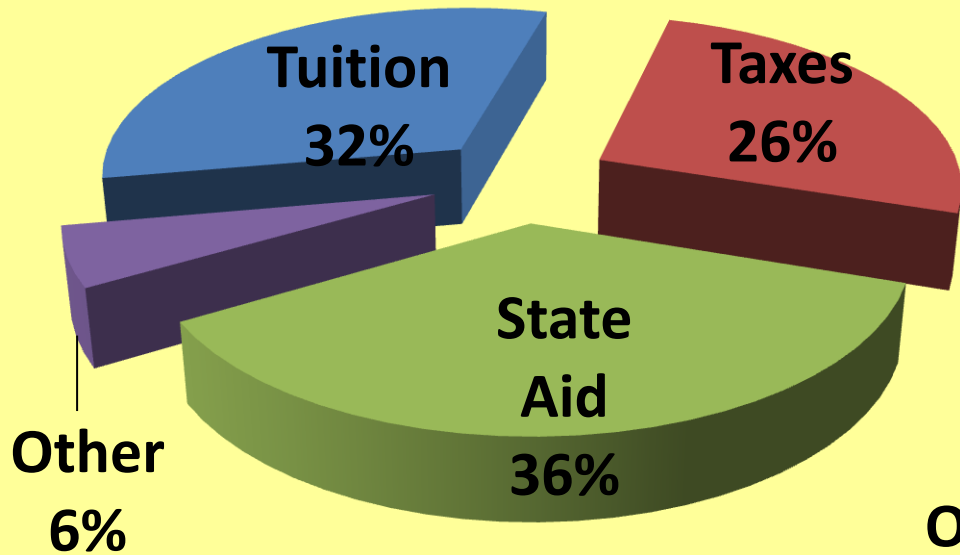
State Aid Funding  
**\$14,592,614**

# THEN and NOW

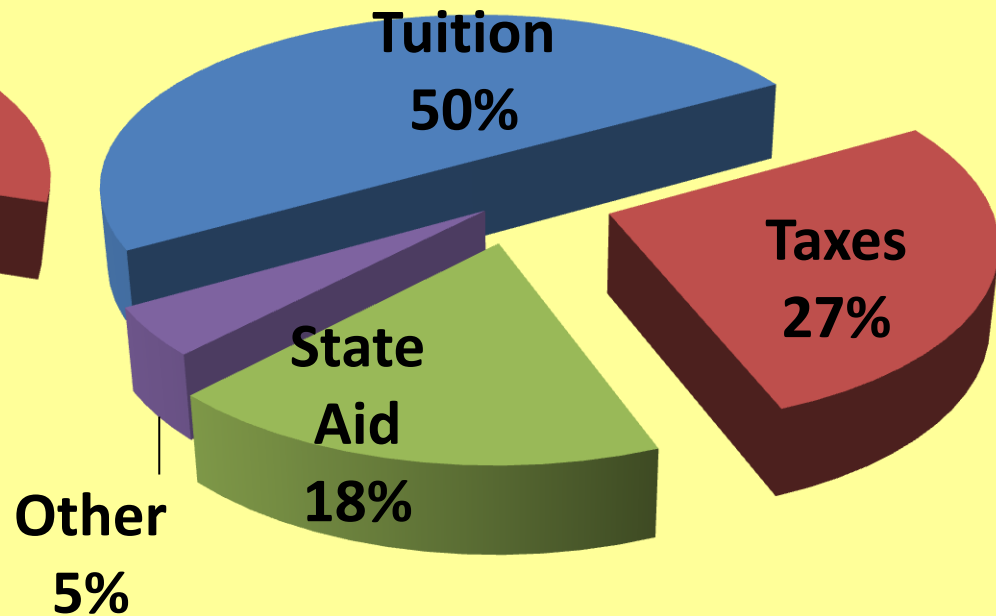
Projected 2011-2012 with -15% State aid

1999-2000

2011-2012

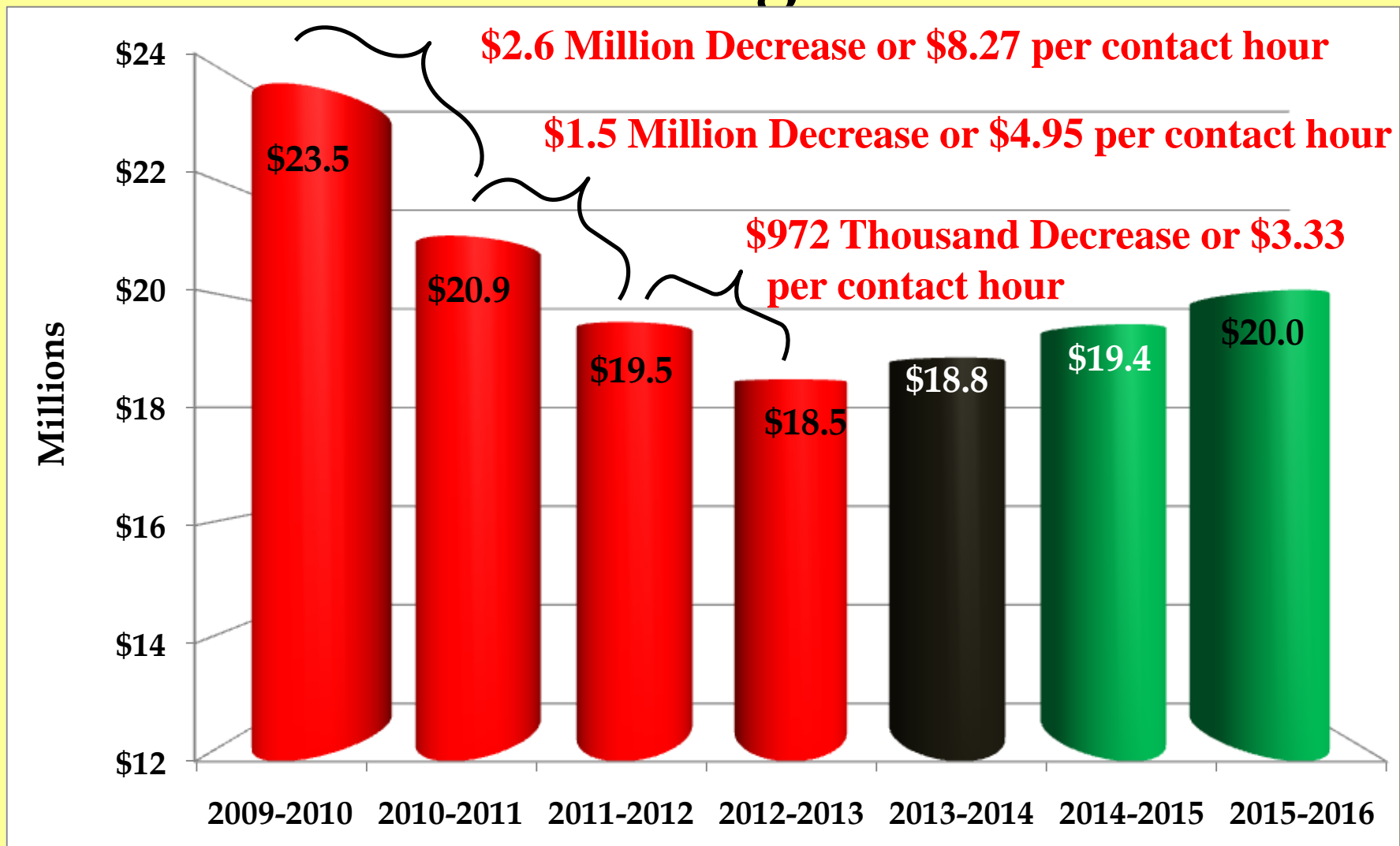


State Aid Funding  
\$15,344,107

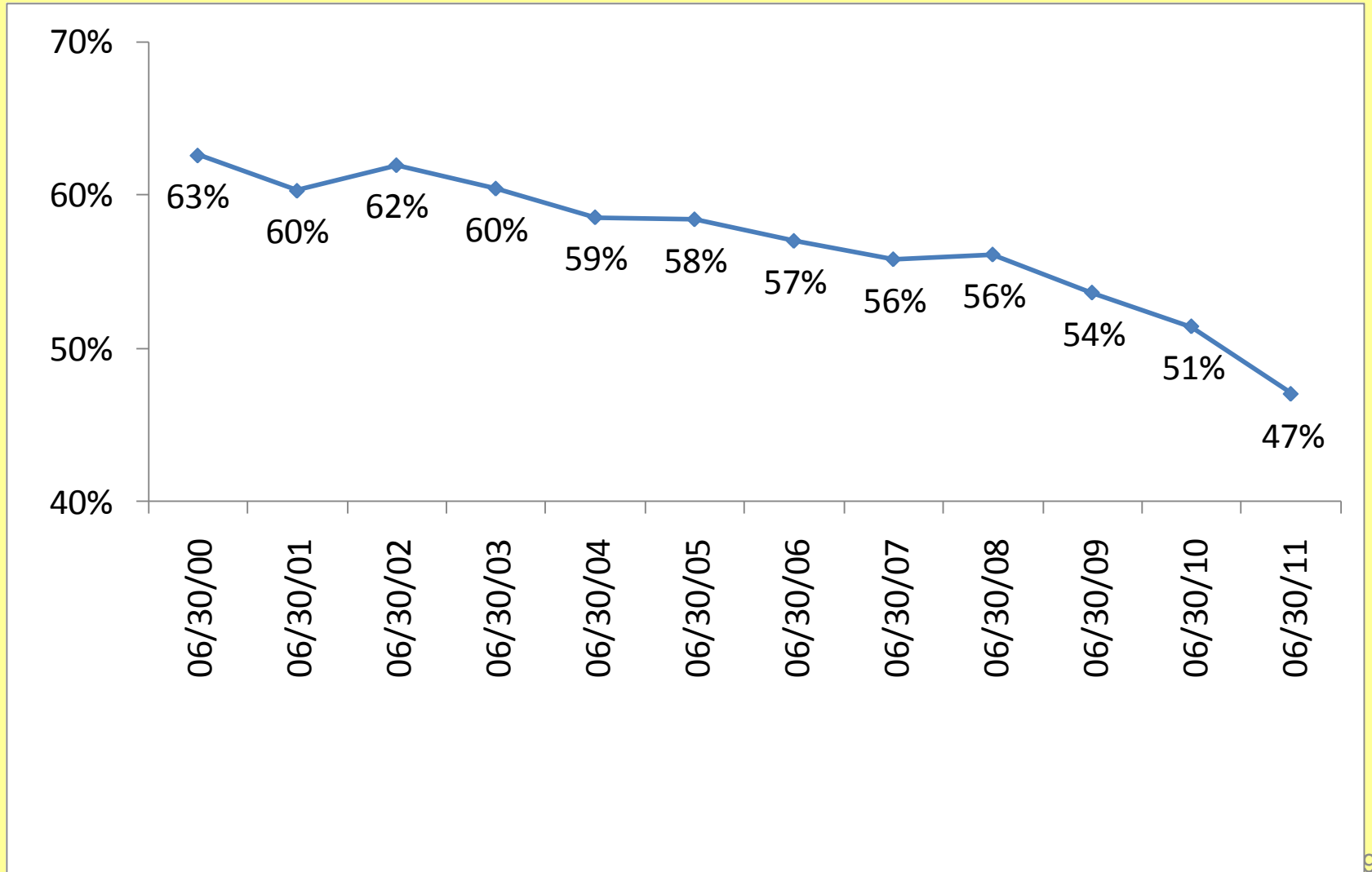


State Aid Funding  
\$12,853,598

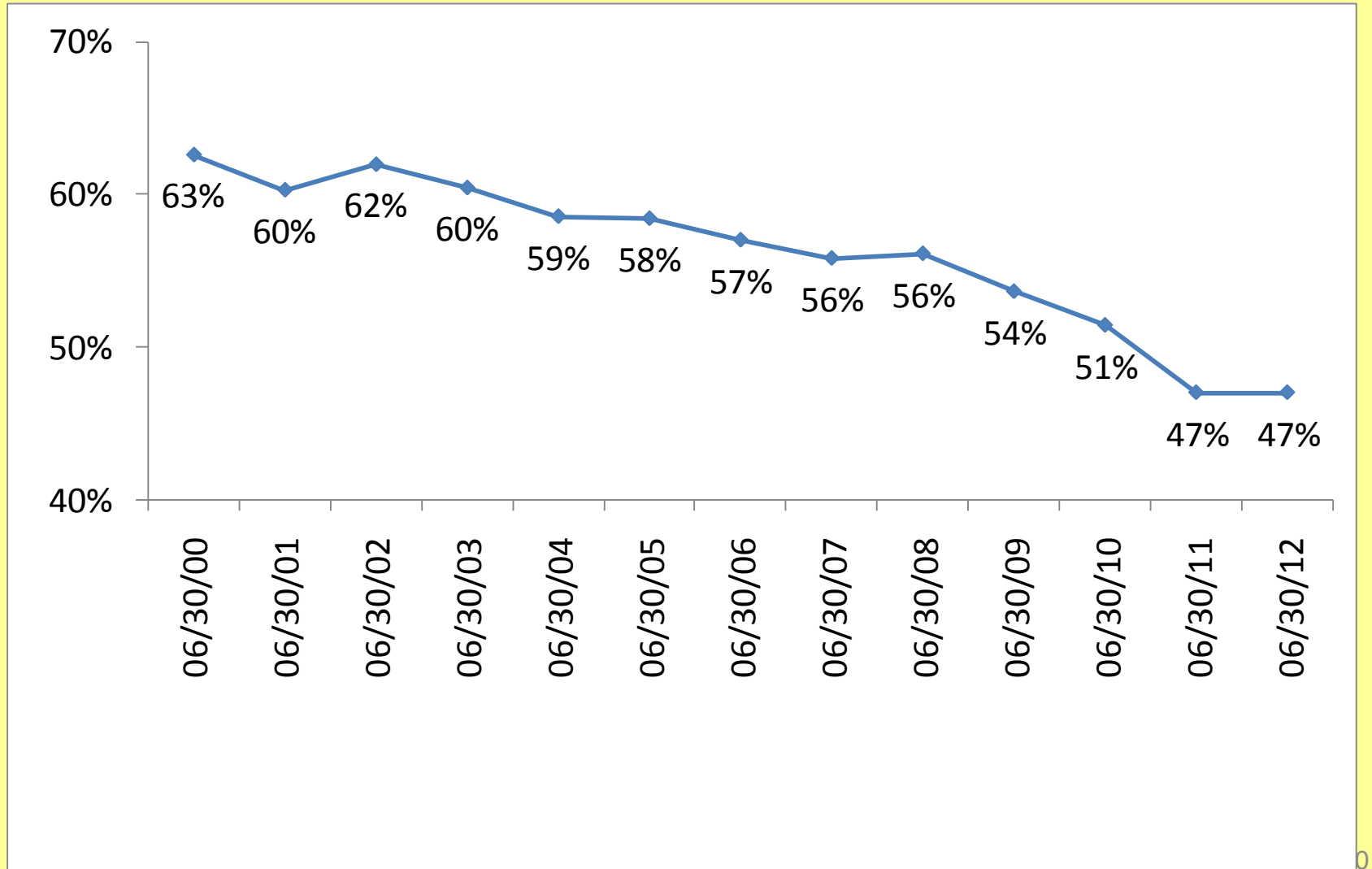
# Projected Property Tax Funding FYE 2010 through FYE 2016



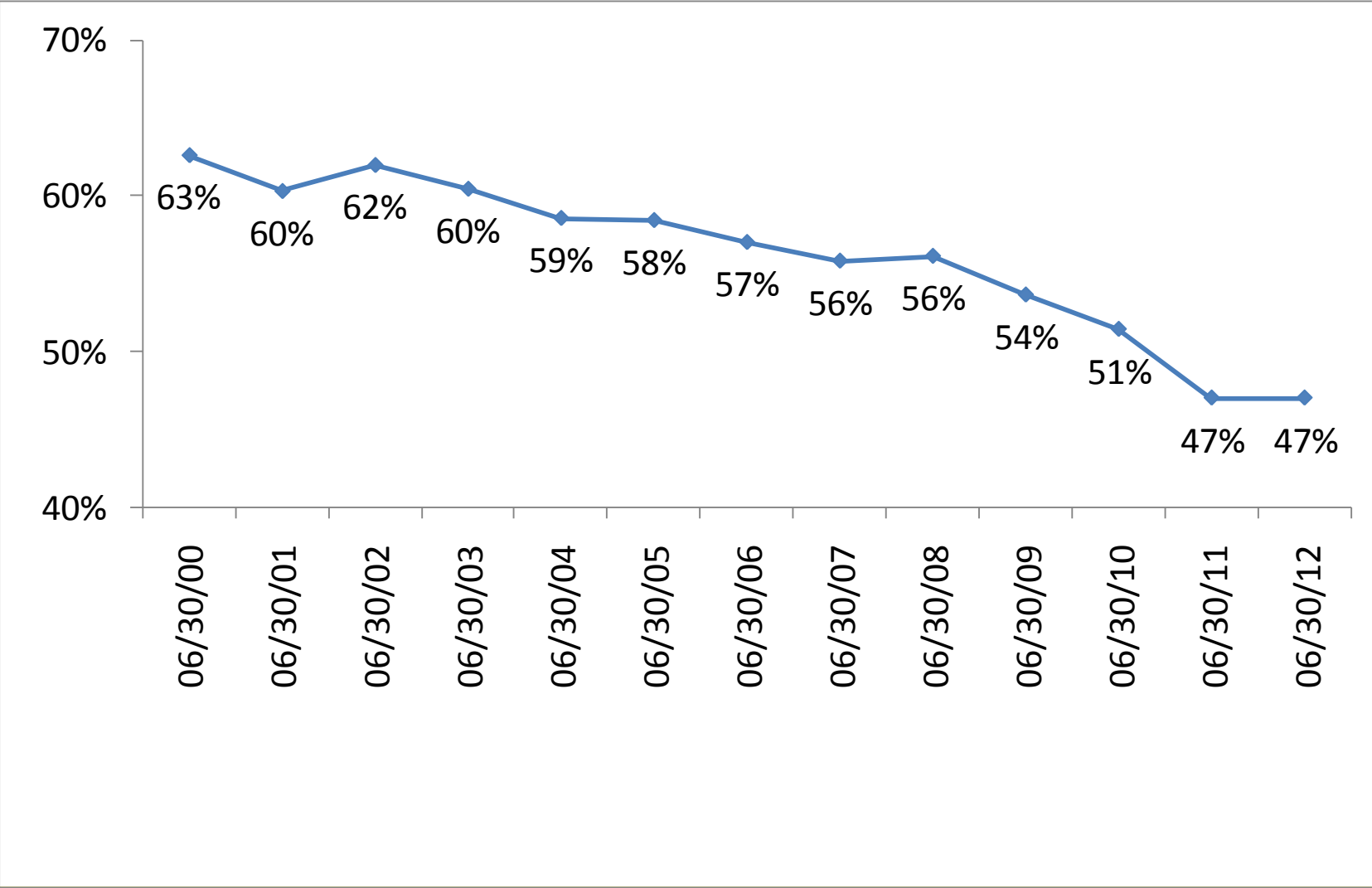
# Percentage of Property Tax and State Aid of Total Funding



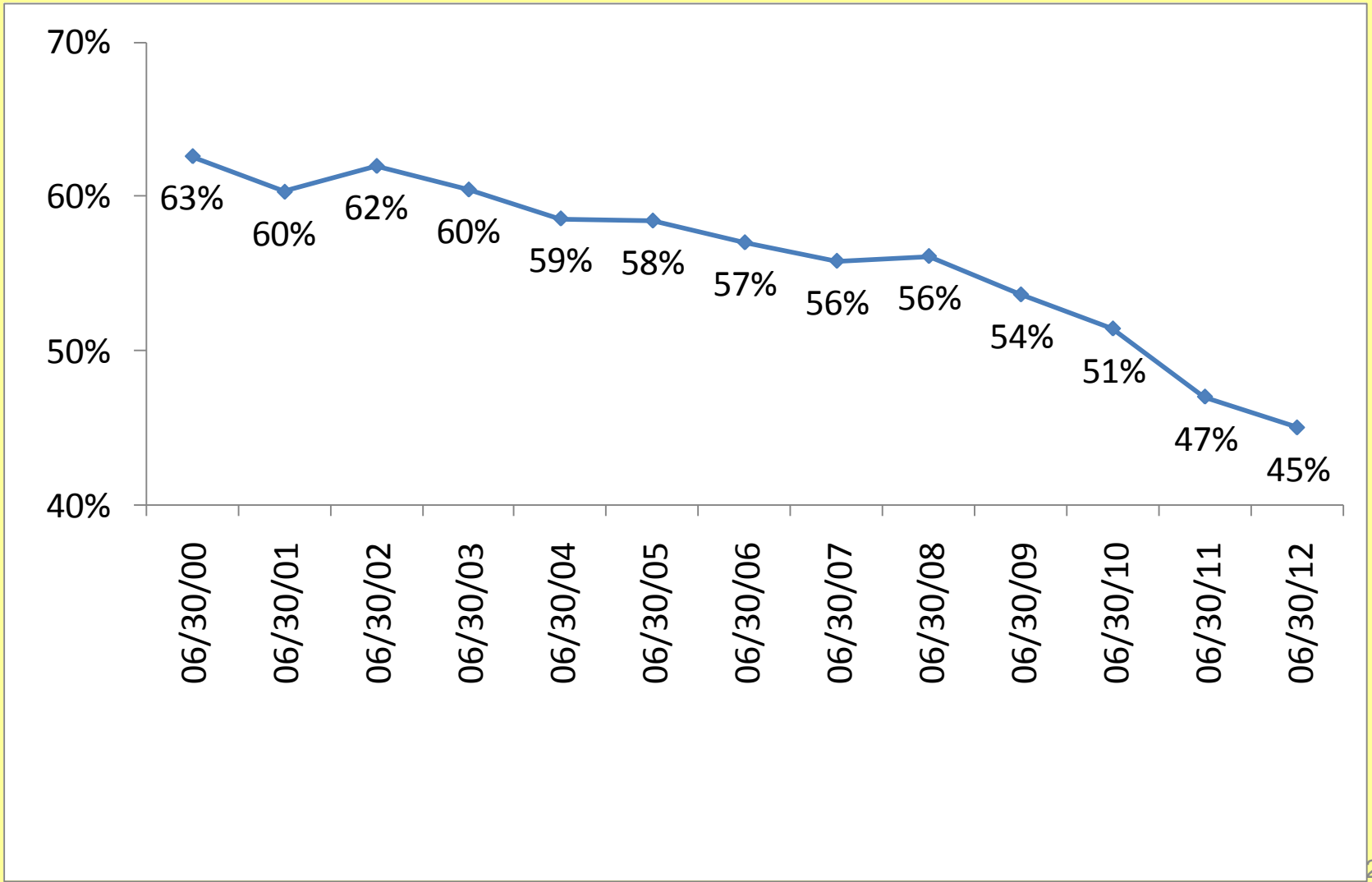
# Percentage of Property Tax and State Aid of Total Funding projected for 2011-2012 with flat State aid



# Percentage of Property Tax and State Aid of Total Funding projected for 2011-2012 with -3.5% State aid



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

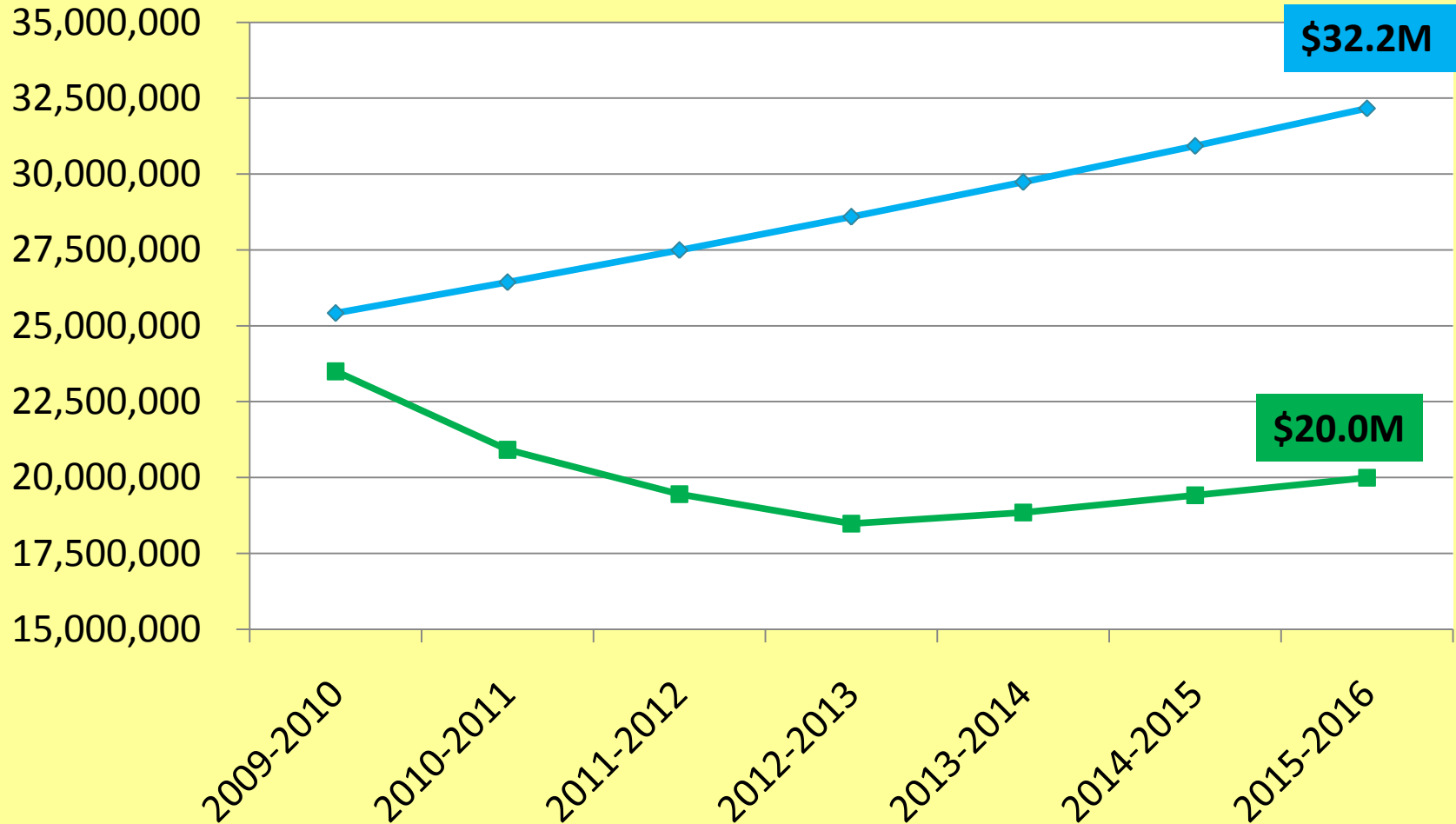


# What's Happening with Property Taxes?

(Operating)

—◆— Historical Average Increase

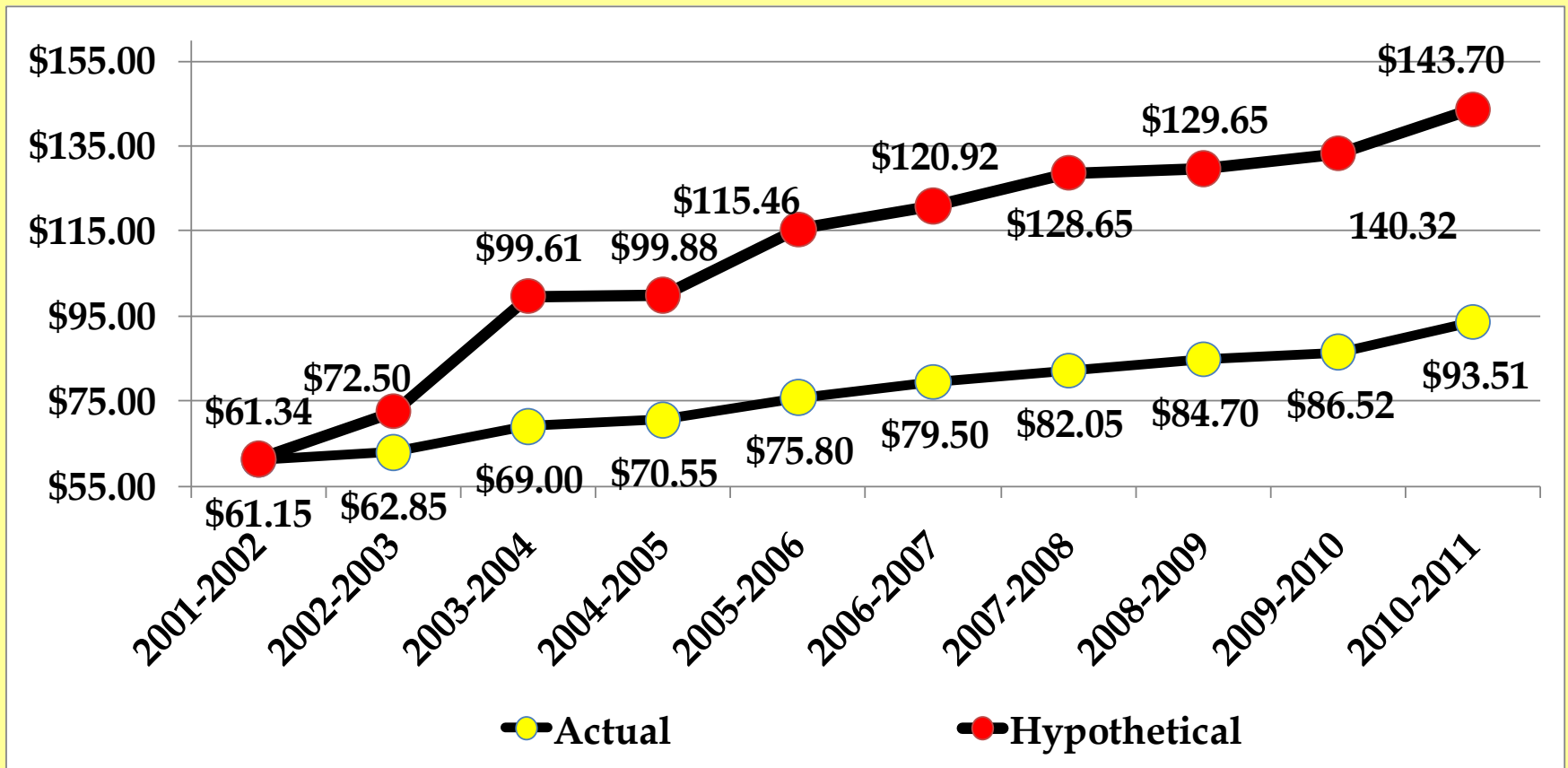
—■— 7 Year Forecast



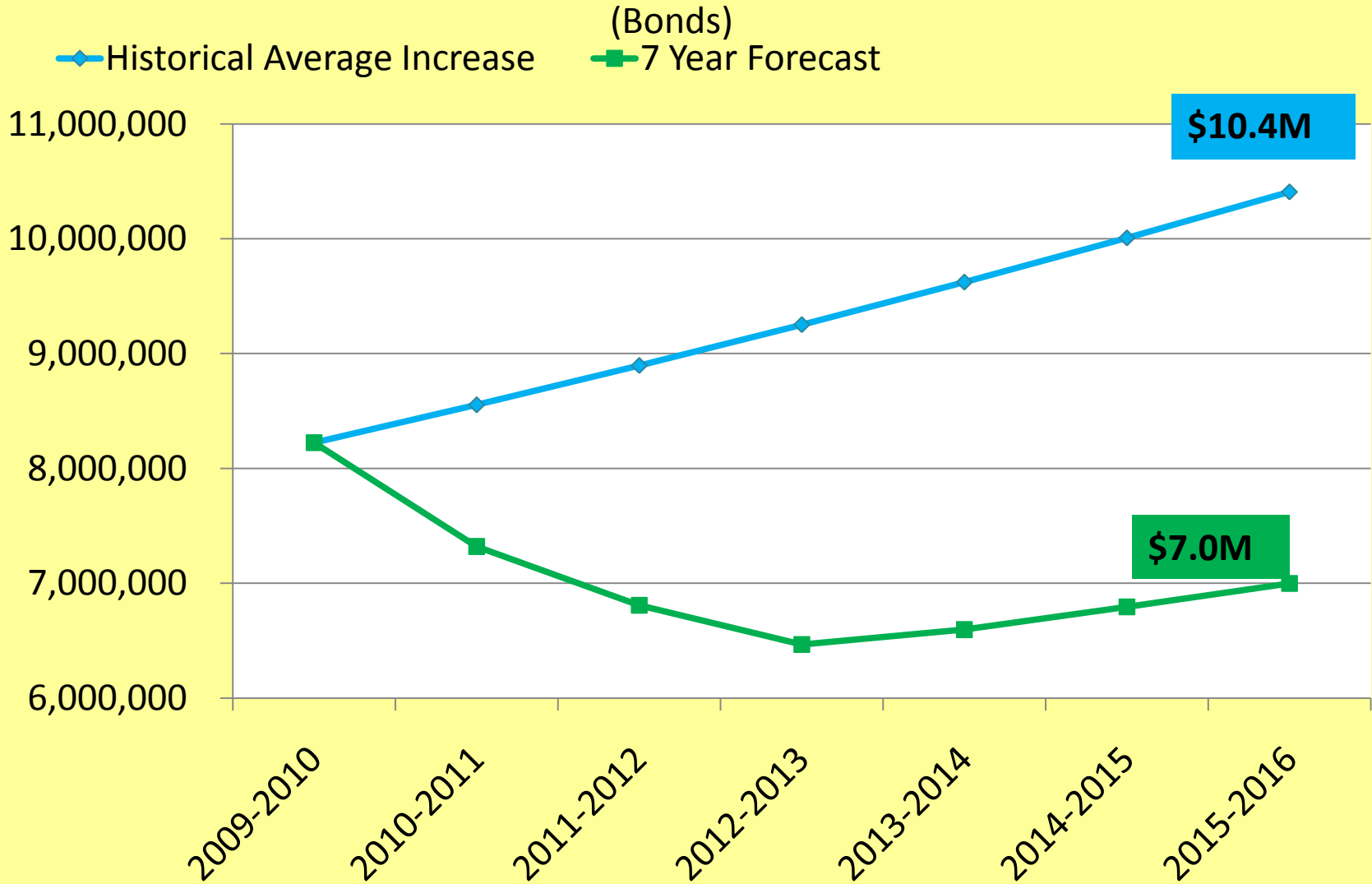
**Total lost operating property tax funding over 7 year period is \$60.2 million. The average per year is \$8.6 million.**

# 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.**

# 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

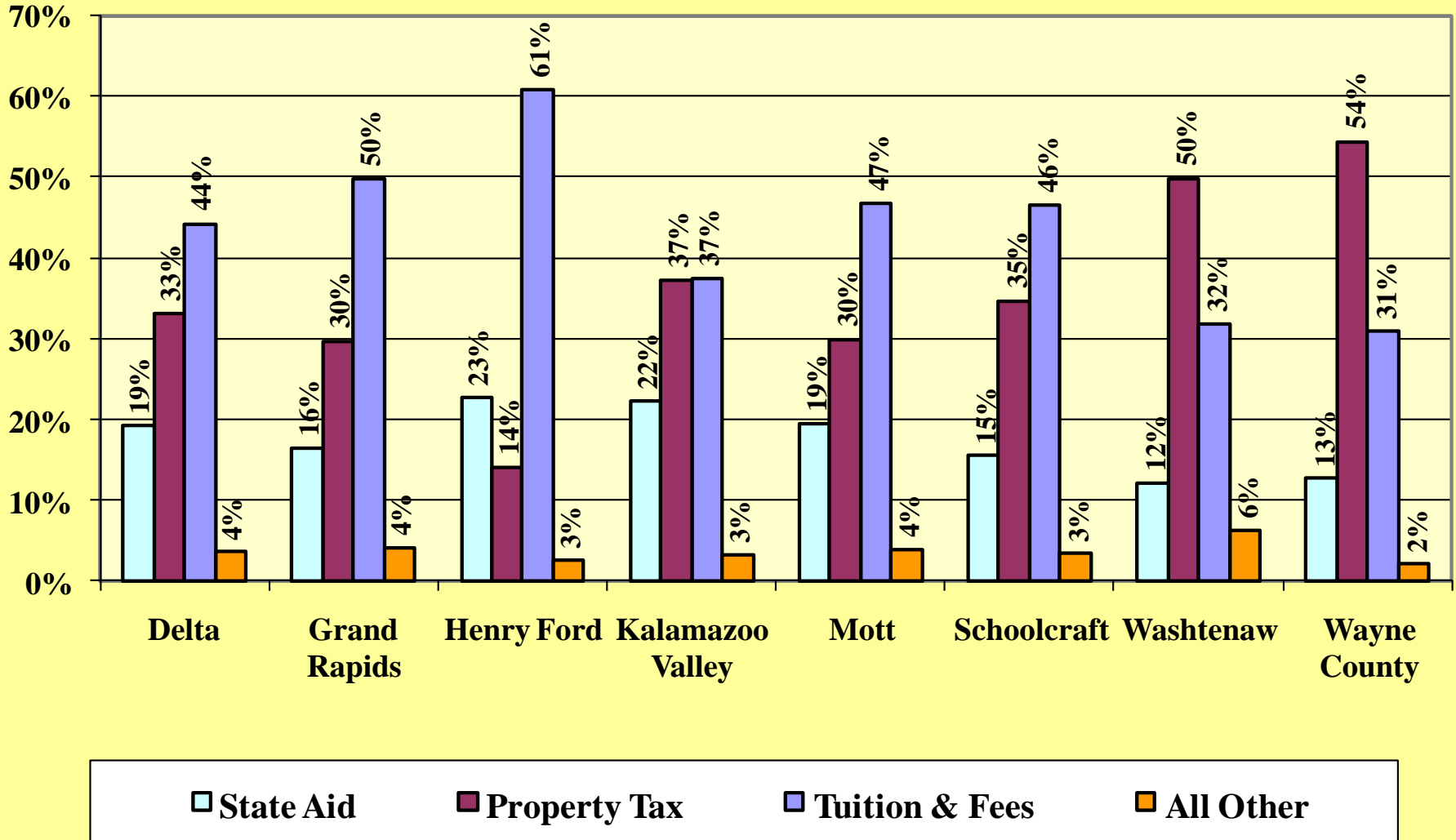
**A Comparison  
to**



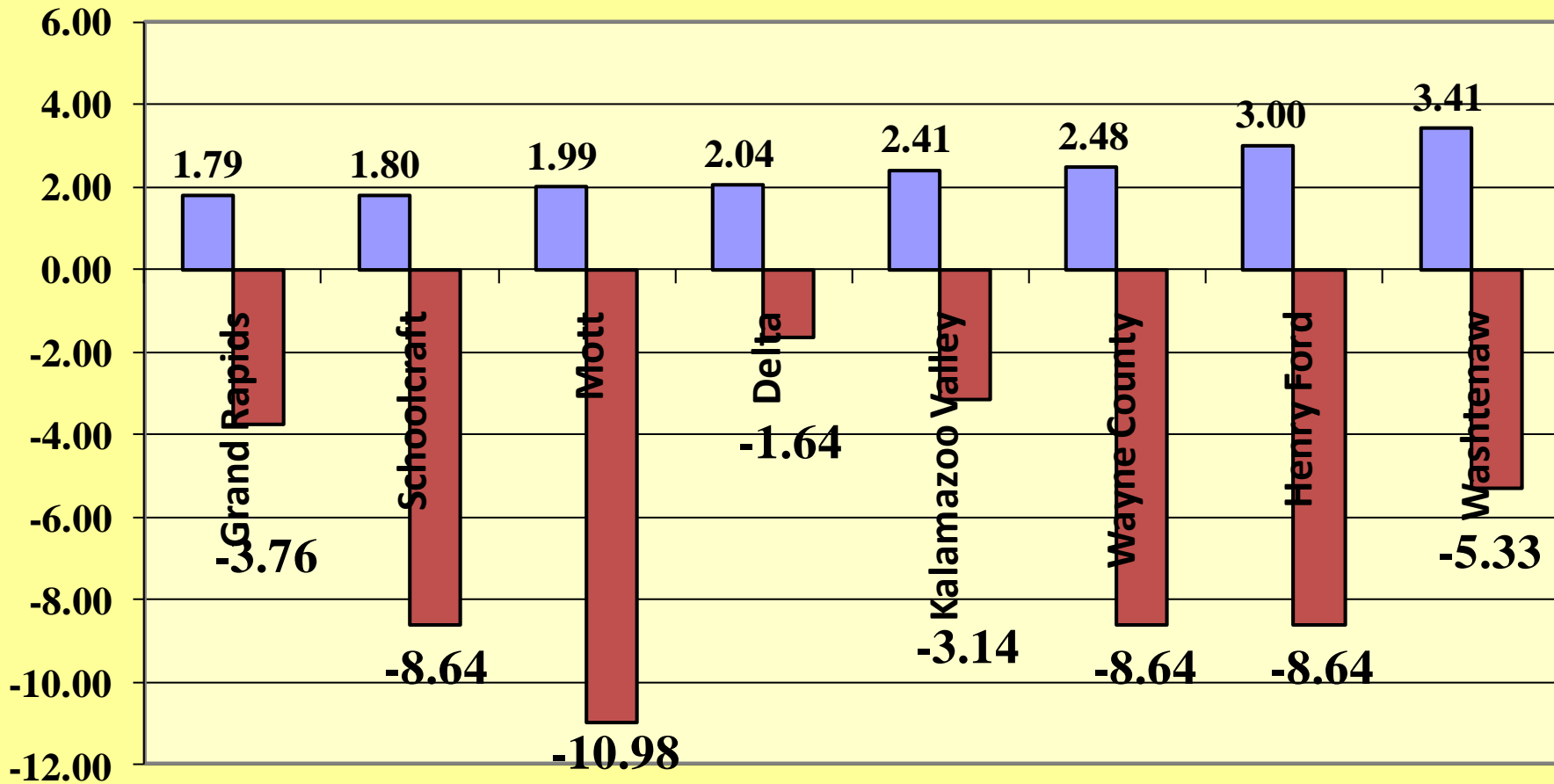
**7 Other Michigan  
Peer Community Colleges**

***Based on 2009 –2010 ACS Data***

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

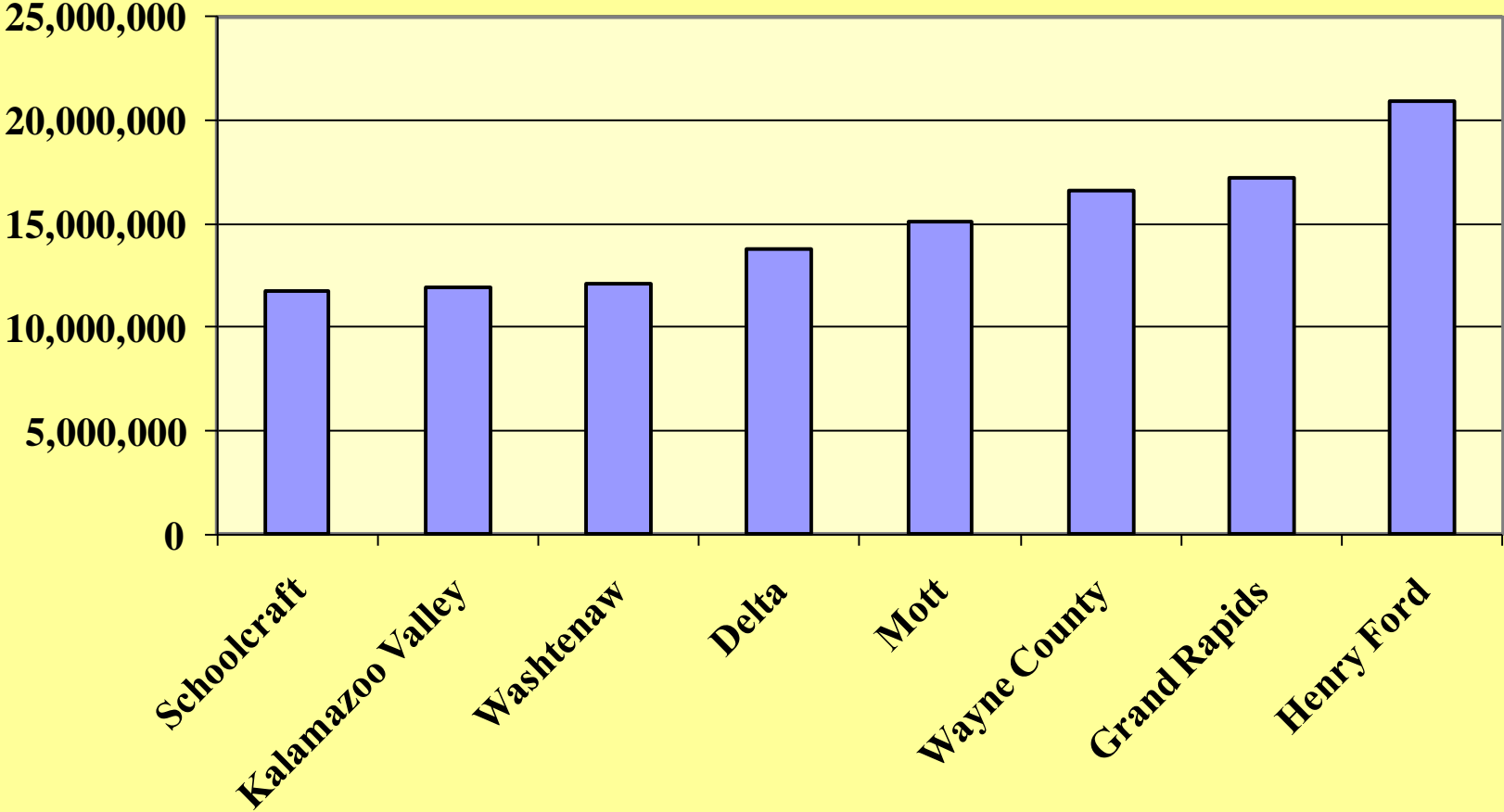


# Prior Year Comparison of Millage Rates/Property Tax Declines with State Grouping

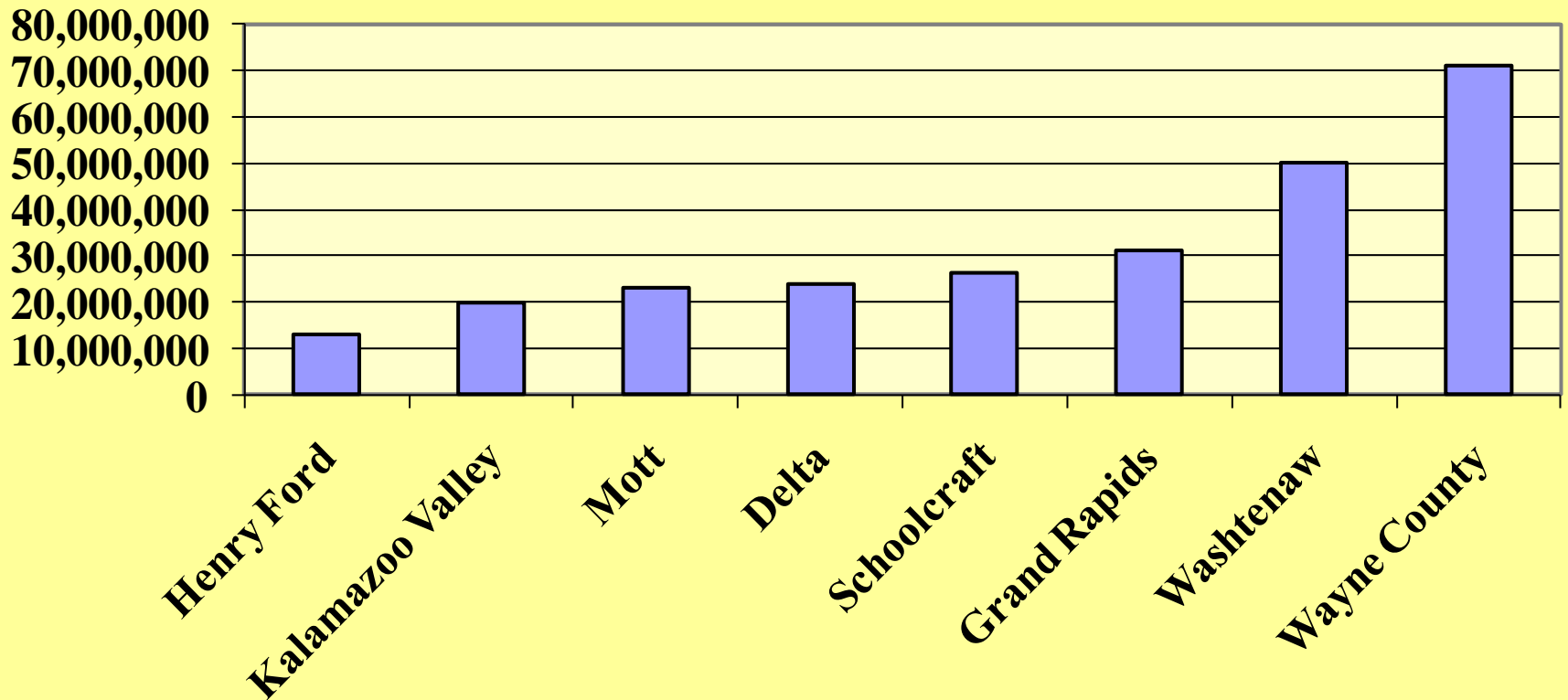


**MCC is 3<sup>rd</sup> Lowest in Millage Rate, and has the Largest Property Tax Decline**

# Current Year Comparison of State Aid

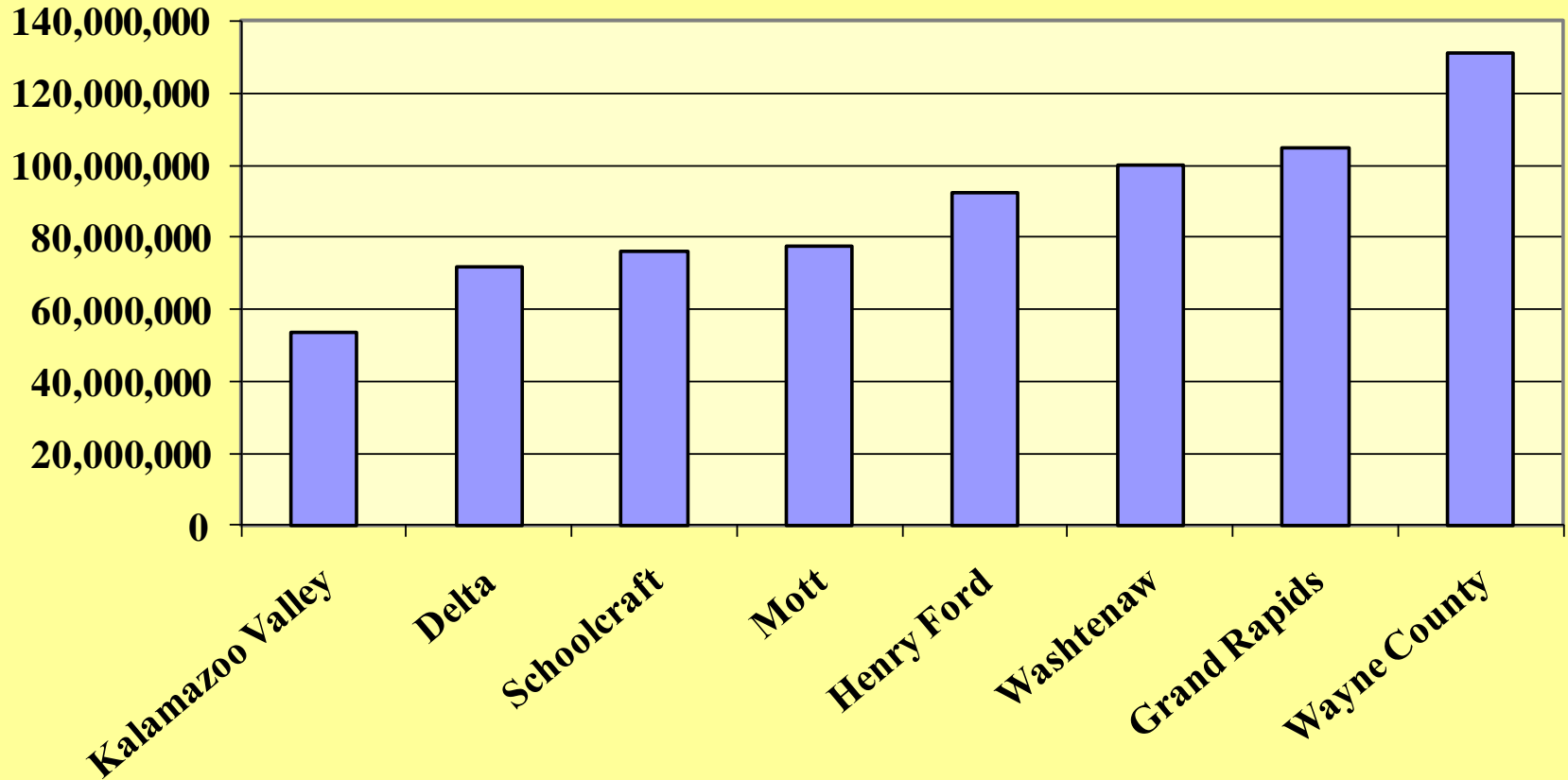


# Current Year Comparison of State of Michigan Peer Group Property Tax Revenue



**MCC is 3rd Lowest in Property Tax Revenue**

# Current Year Comparison of State Peer Group Total Revenue



**MCC is 4<sup>th</sup> 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

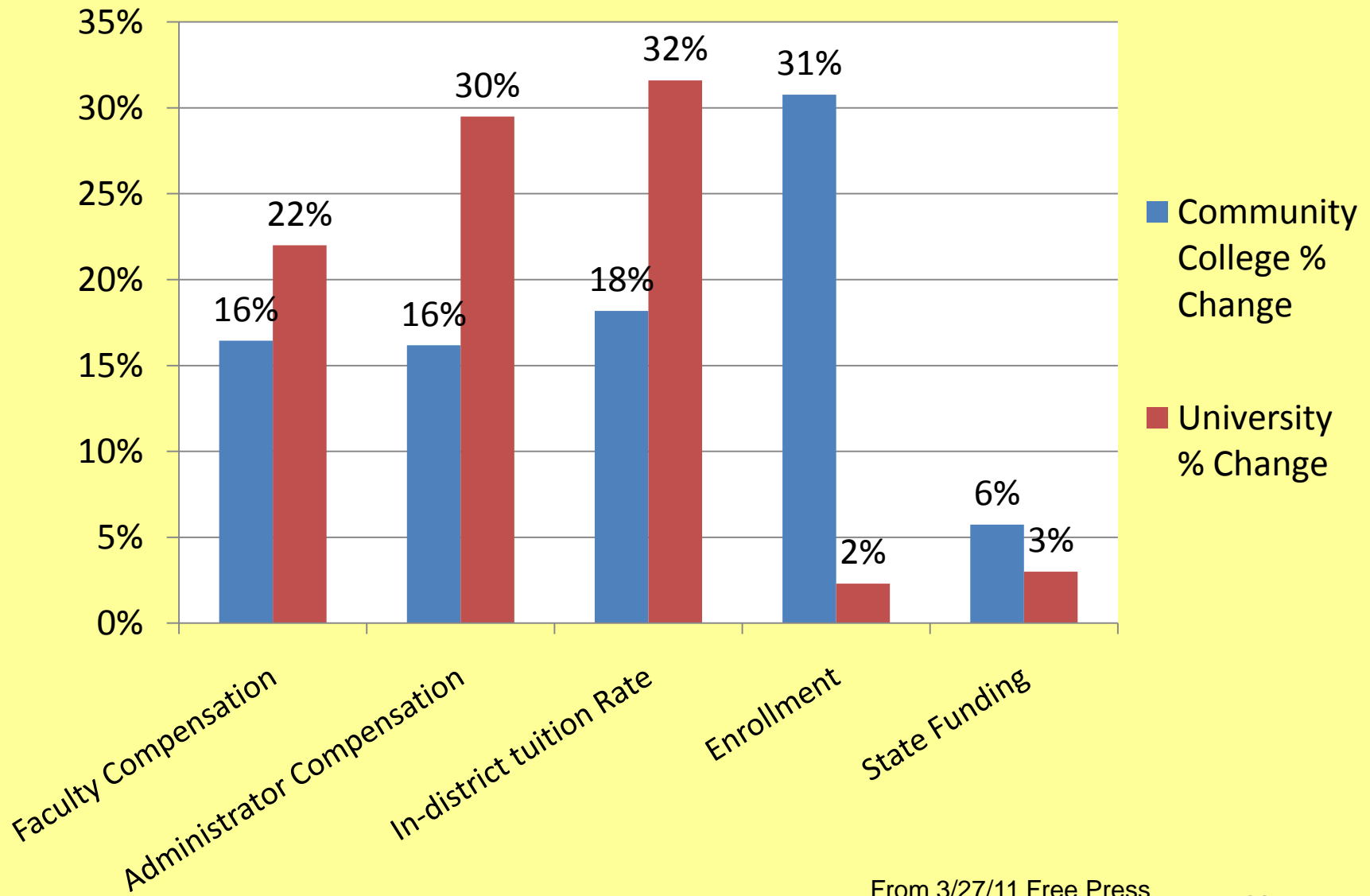
**MCC's annual cost is approximately 46% of that of the next most affordable college/university in our area.**

# Tuition & Fees: Community College Comparison

<b><i>College</i></b>	<b><i>Yearly Tuition &amp; Fees</i></b>
<b>Mott CC (<i>In-District</i>)</b>	<b>\$3,229</b>
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



■ Capital Funding Restoration

■ Health Insurance Increase

■ Contingency Restoration

■ Lost State Aid

■ Lost Property Taxes

■ Debt Contribution

■ MPSERS Increase

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



■ Current Tuition

■ Lost Property Taxes

■ Debt Contribution2

■ MPSERS Increase

■ Capital Funding Restoration

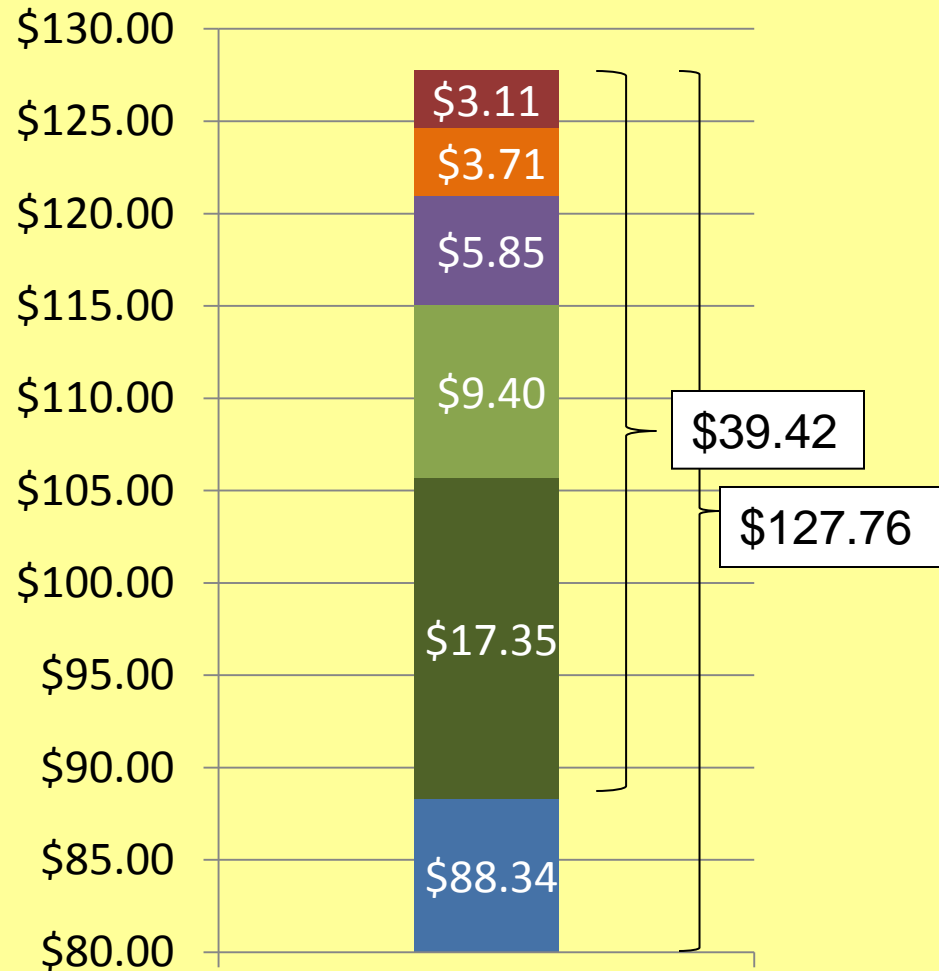
■ Health Insurance Increase

■ Contingency Restoration

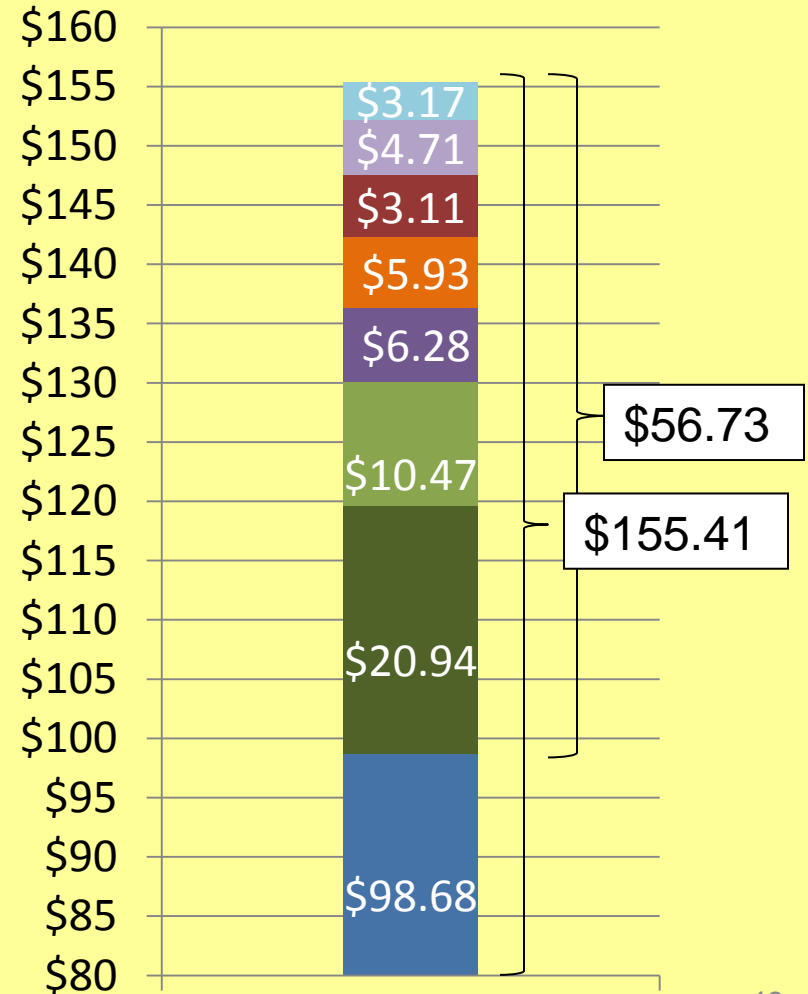
■ Lost State Aid

# COMPARISON PRIOR YEAR/CURRENT YEAR

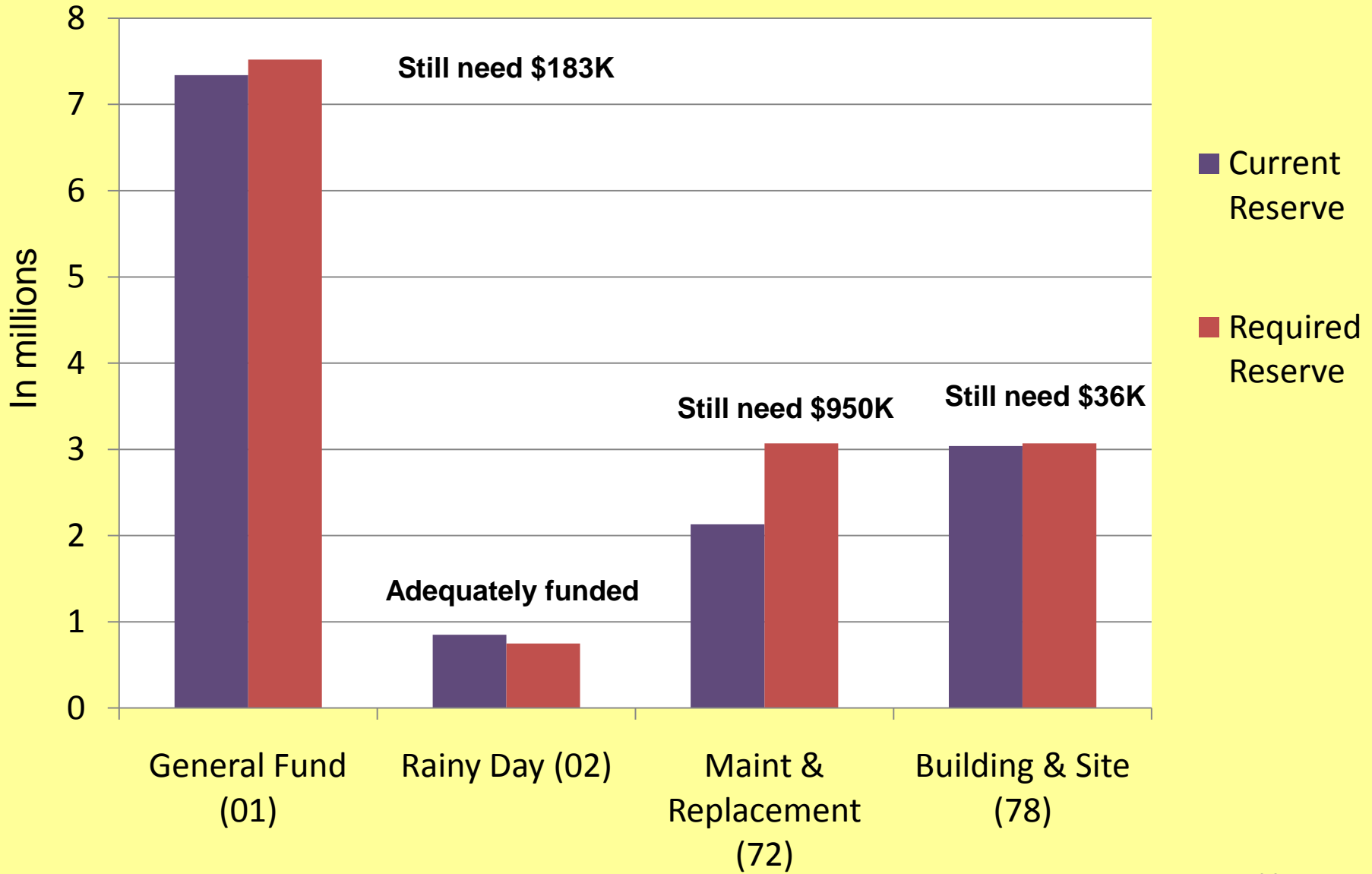
2011



2012



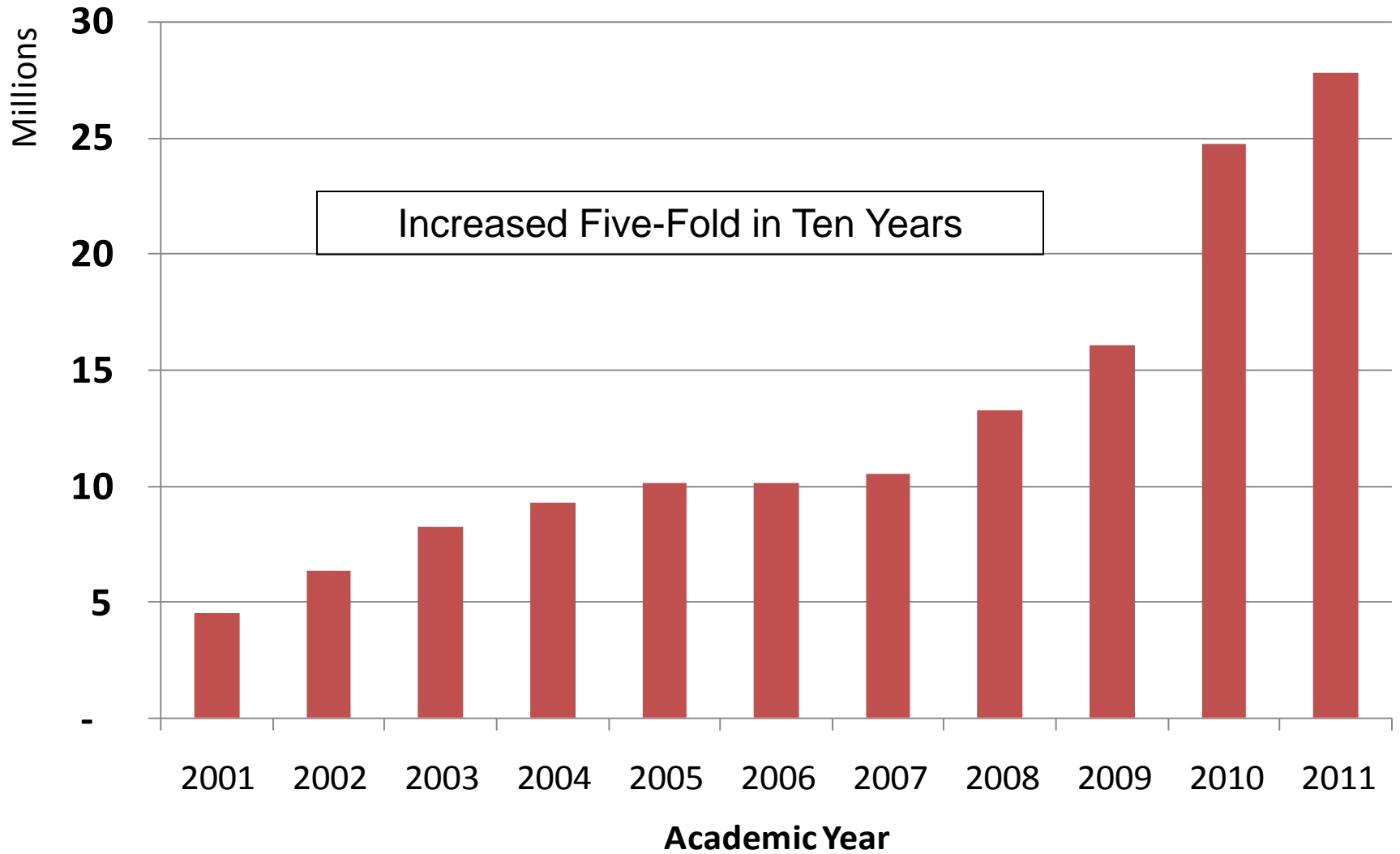
# Reserve Requirements



# 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	<b>-\$2,758</b>	\$ 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

	<b>Mott Community College In-District</b>	<b>Saginaw Valley State University In-State</b>	<b>University of Michigan - Flint In-State</b>
Current Tuition (30 contact hours)	\$2,960	\$6870	\$9,692

# PERCENTAGES CAN BE MISLEADING

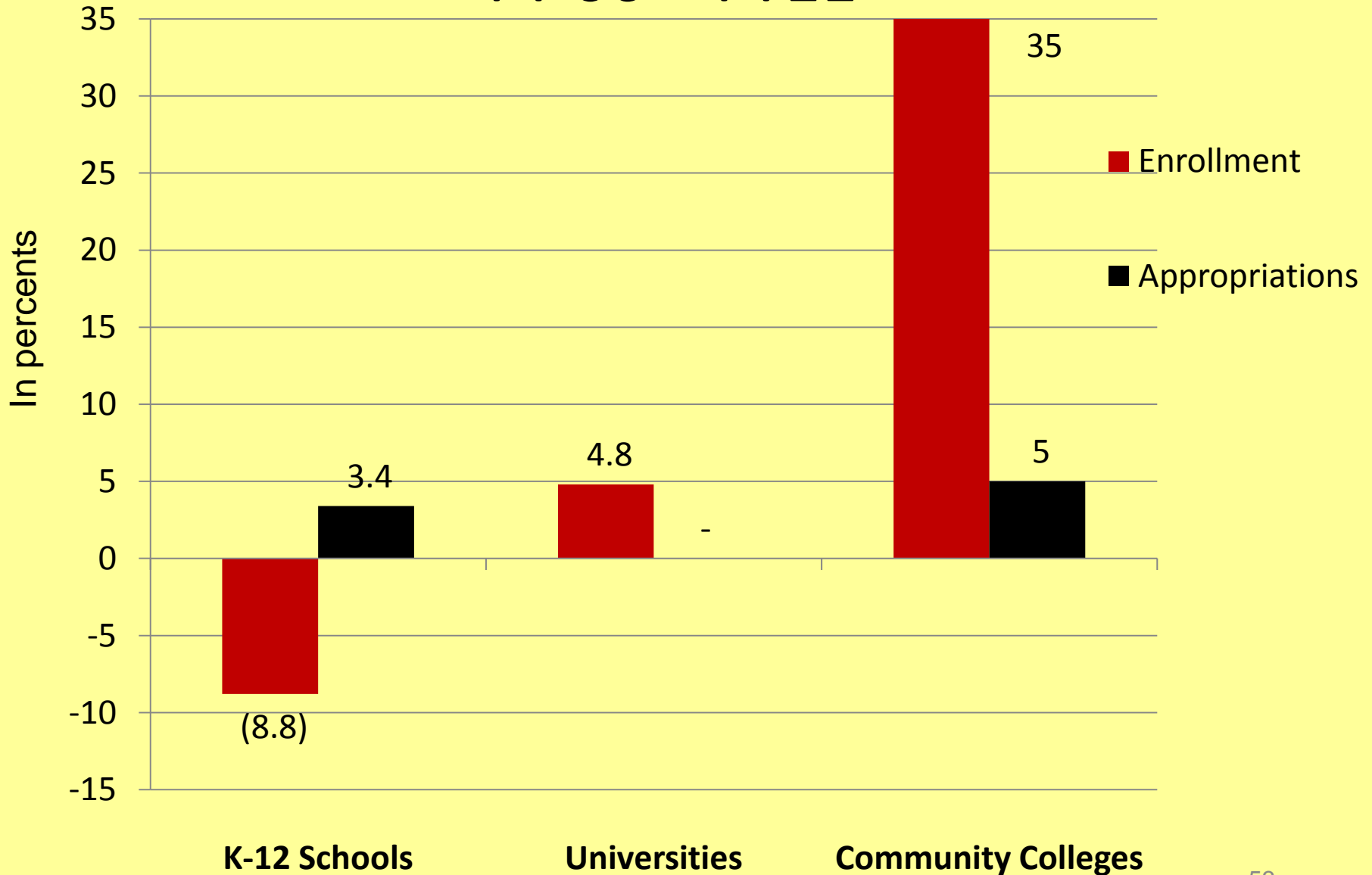
	Mott Community College In-District		Saginaw Valley State University In-State		University of Michigan - Flint In-State	
Current Tuition (30 contact hours)	\$2,960		\$6870		\$9,692	
	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change
5% increase	148	5	344	11	485	16

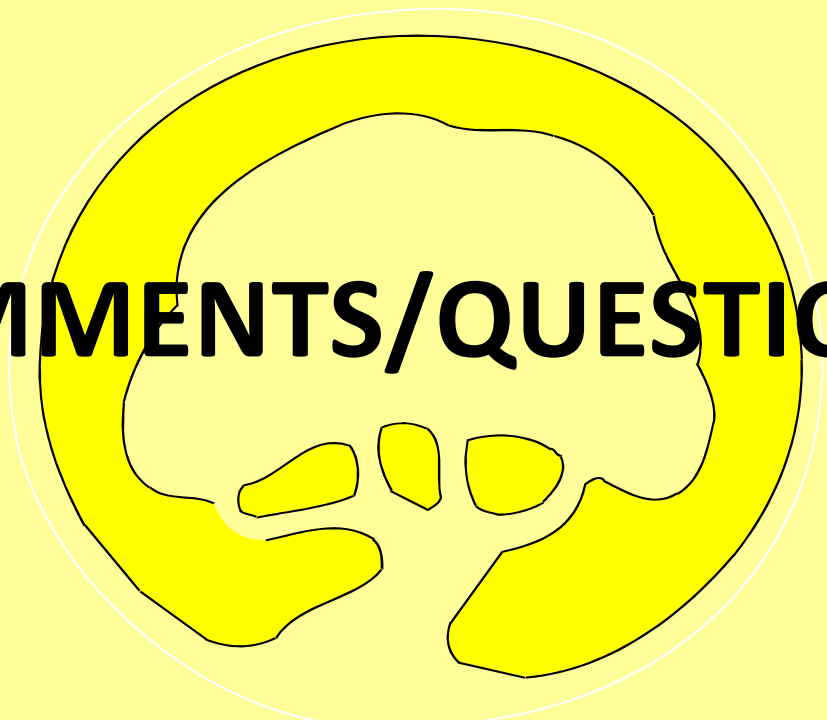
# PERCENTAGES CAN BE MISLEADING

	Mott Community College In-District		Saginaw Valley State University In-State		University of Michigan - Flint In-State	
Current Tuition (30 contact hours)	\$2,960		\$6870		\$9,692	
	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change	Tuition Change	Contact Hour Change
5% increase	148	5	344	11	485	16
7% increase	207	7	481	16	678	23

# Enrollment vs Appropriations

## FY 06 – FY11





**COMMENTS/QUESTIONS?**