

# *Mott Community College*

*Board of Trustees*  
*Committee of the Whole Meeting*  
*June 27, 2011*

**BUDGET RESOLUTIONS**

***FINAL FY10-11 AMENDED  
BUDGET:  
General Fund***



# *Final FY10-11 General Fund Budget*

## Summary

|                                   | 09-10 Actual  | 10-11 Amend #1 | 10-11 Amend #2 |
|-----------------------------------|---------------|----------------|----------------|
| Revenues                          | \$ 76,470,893 | \$ 75,293,170  | \$ 76,540,428  |
| Expenditures                      | 75,979,329    | 75,227,729     | 76,358,646     |
| Excess Revenues Over Expenditures | \$ 491,564    | \$ 65,441      | \$ 181,782     |
| Fund Balance – Beginning          | \$ 6,782,315  | \$ 7,273,879   | \$ 7,273,879   |
| Fund Balance – Ending             | \$ 7,273,879  | \$ 7,339,320   | \$ 7,455,661   |
| Fund Balance Percent*             | 9.57%         | 9.76%          | 9.76%          |

*\*Target = 5% - 10% of Expenditure budget*

# *PROPOSED FY 11-12 BUDGET*



# RELEVANT BOARD POLICIES:


---


- **3100 Budget Adoption.** *“Budget revisions will be brought forward for Board action as necessary, but not less than twice per year in January and June.”*
- **3920,3930 Financial Stability, Fiscal Reserves.** *“The College will designate and set aside appropriate fund reserves to support plans for long-term capital and operating commitments.”*
- **5100 Compensation Philosophy.** *“The Board has determined based on long-term budget projections, and other related budget data, that total compensation/benefits should not exceed 77% of the total operating budget.”*


# 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

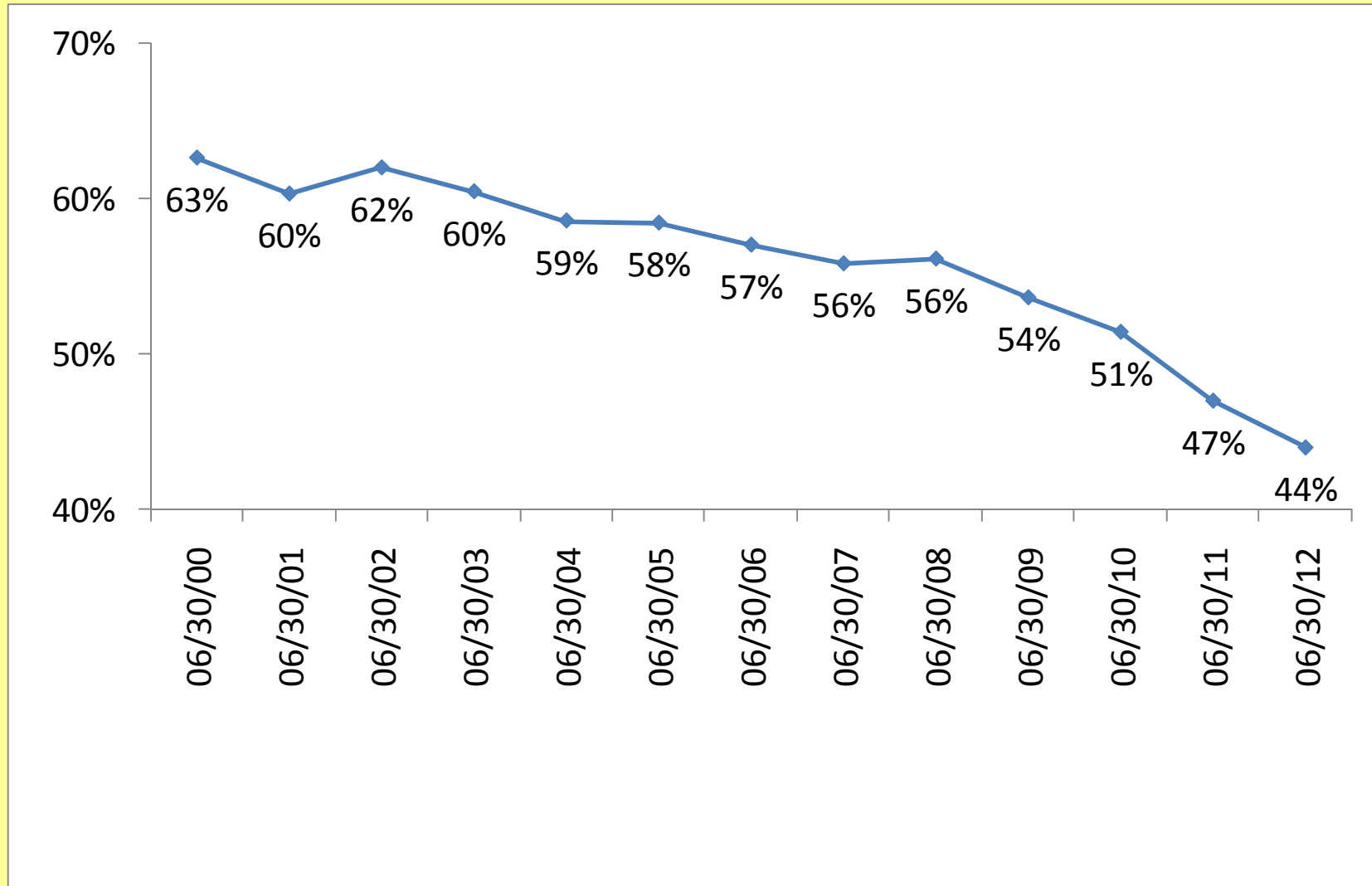
 7-2. Establish short and long-term budget and finance priorities that provide a balanced approach to the needs of a learning organization with the flexibility to realign resources

 7-3. Implement a comprehensive strategy to address the long-term deficit which enables us to continue to provide affordable high quality education

# Trends in Funding Sources & Enrollment



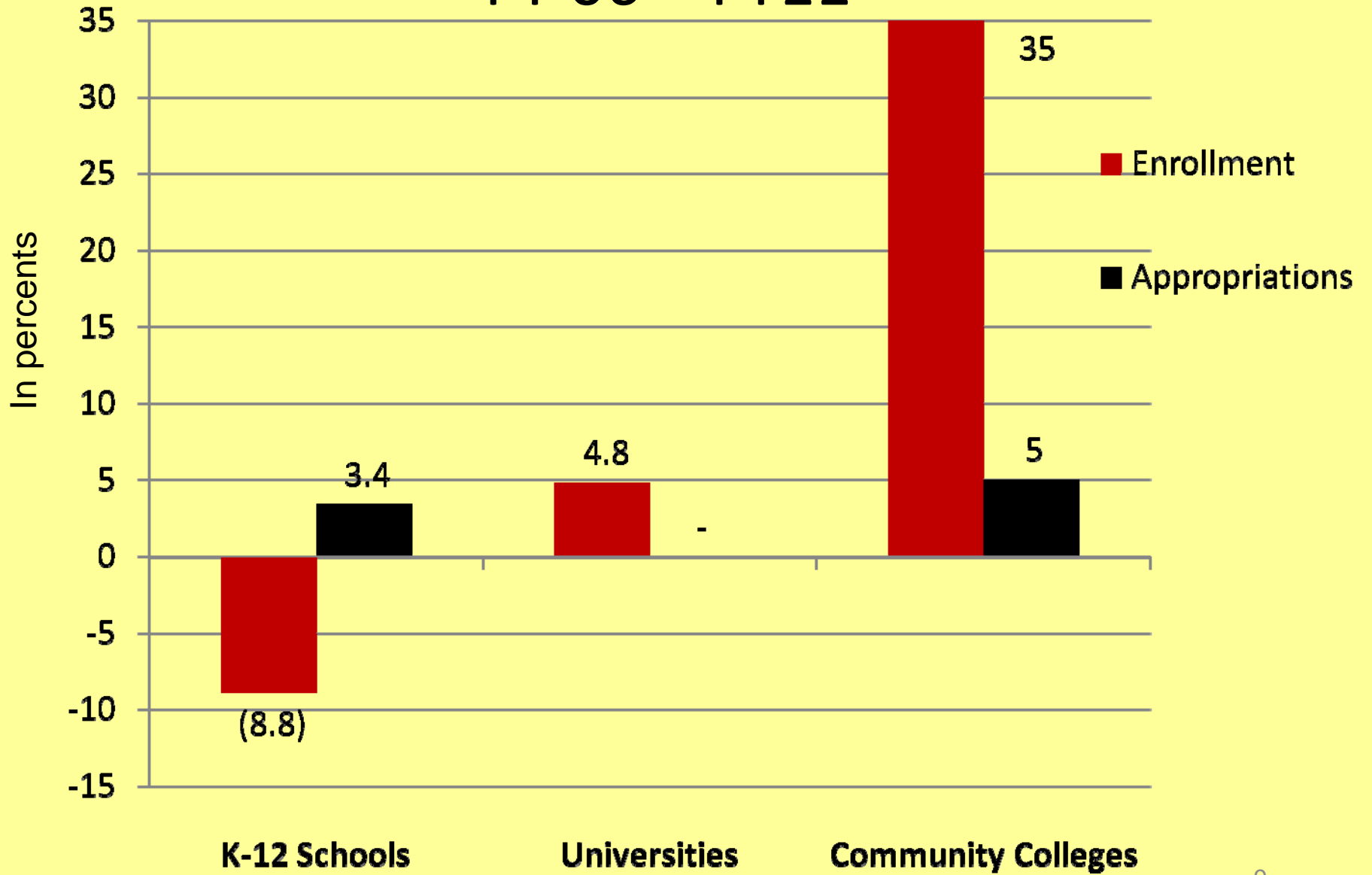
# Percentage of Property Tax and State Aid of Total Funding



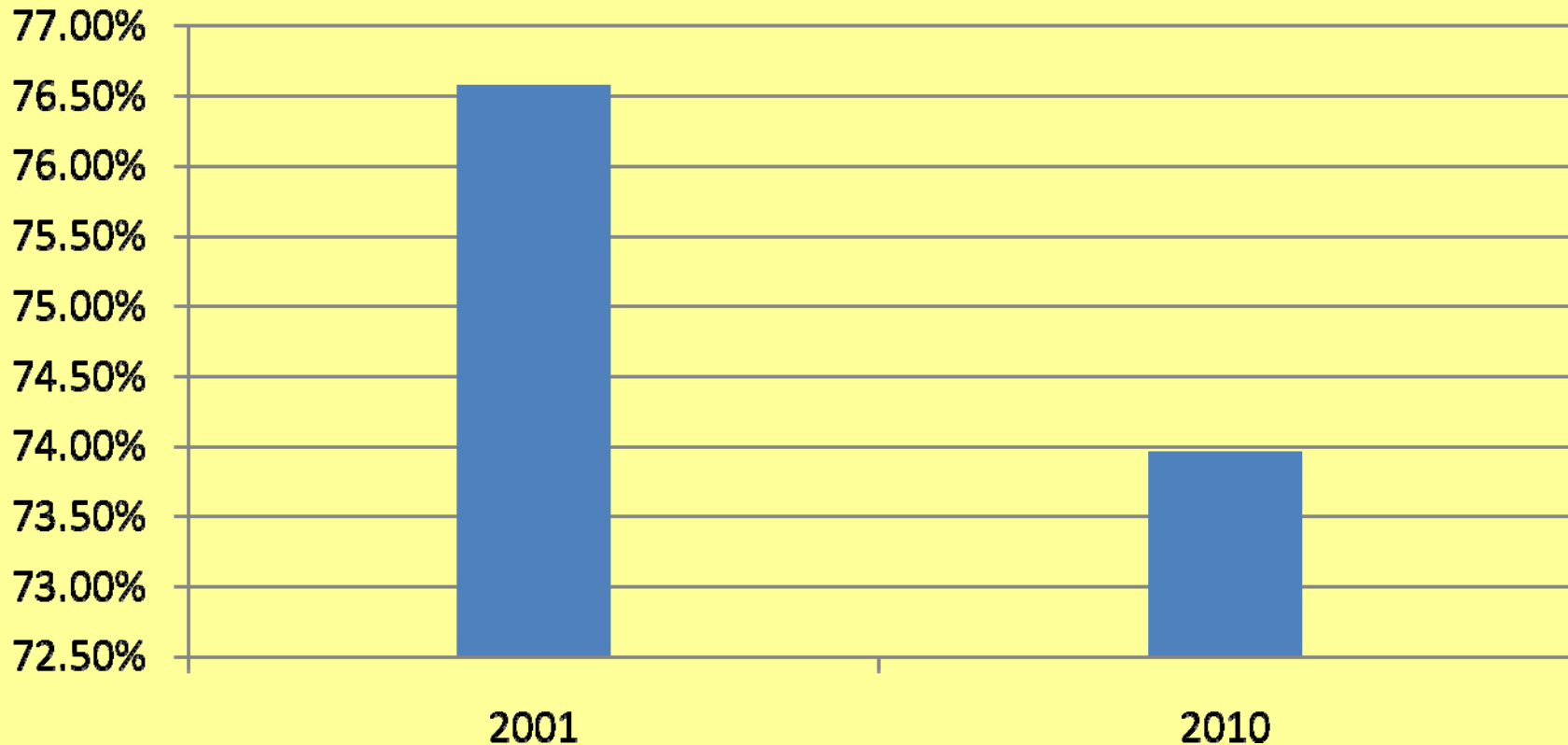


# Enrollment vs Appropriations

FY 06 – FY11



# Compensation as a Percentage of the General Fund Budget



***Compensation expense would be \$1.96 M higher if it was at 2001 levels as a percentage of budget.***

***Ten year average salary increases are 1.62%.***

# *Initial FY11-012 General Fund Budget*

## *Summary*

|  | 10-11 Amend #2 | Initial 11-12  |
|--|----------------|----------------|
| Revenues                                   | \$ 76,540,428  | \$ 76,920,169  |
| Expenditures                               | 76,358,646     | 78,340,501     |
| Excess(Deficit) Revenues Over Expenditures | \$ 181,782     | \$ (1,420,332) |
| Fund Balance – Beginning                   | \$ 7,273,879   | \$ 7,455,661   |
| Fund Balance – Ending                      | \$ 7,455,661   | \$ 6,035,329   |
| Fund Balance Percent*                      | 9.76%          | 7.70%          |

*\*Target = 5% - 10% of Expenditure budget*

# PROPOSED "OTHER FUNDS" FY11-12 BUDGETS

## ● *Main Point is Impact on Operating Budget:*

### ● Designated Fund \$2.67 Million Revenue Budget

● (Scholarships, Student Enrichment, Copy Machines, Paid Parking, Designated Technology Fee)

### ● Auxiliary Enterprise Fund--\$813,400 Budget

● \$499,040 Net "profit" supplements General Fund

● (Catering, Vending, Bookstore, Computer Lab Printing, Lapeer Campus Auxiliary)

# PROPOSED “OTHER FUNDS” FY11-12 BUDGETS

- *Main Point is Impact on Operating Budget:*

- Debt Retirement Fund

- Millage Rate resets to 0.87 mill to meet debt obligations

- Capital Funds – repair, upgrade of buildings, equipment, technology, vehicles (\$102 million in net value)

- Instructional Technology Fee = \$1.69 Million per year

- \$1.45 million per year planned transfer from General Fund (minimum required annual expenses).

# BOND FUNDS (VOTER AUTHORIZED DEBT)



# Bond Funds

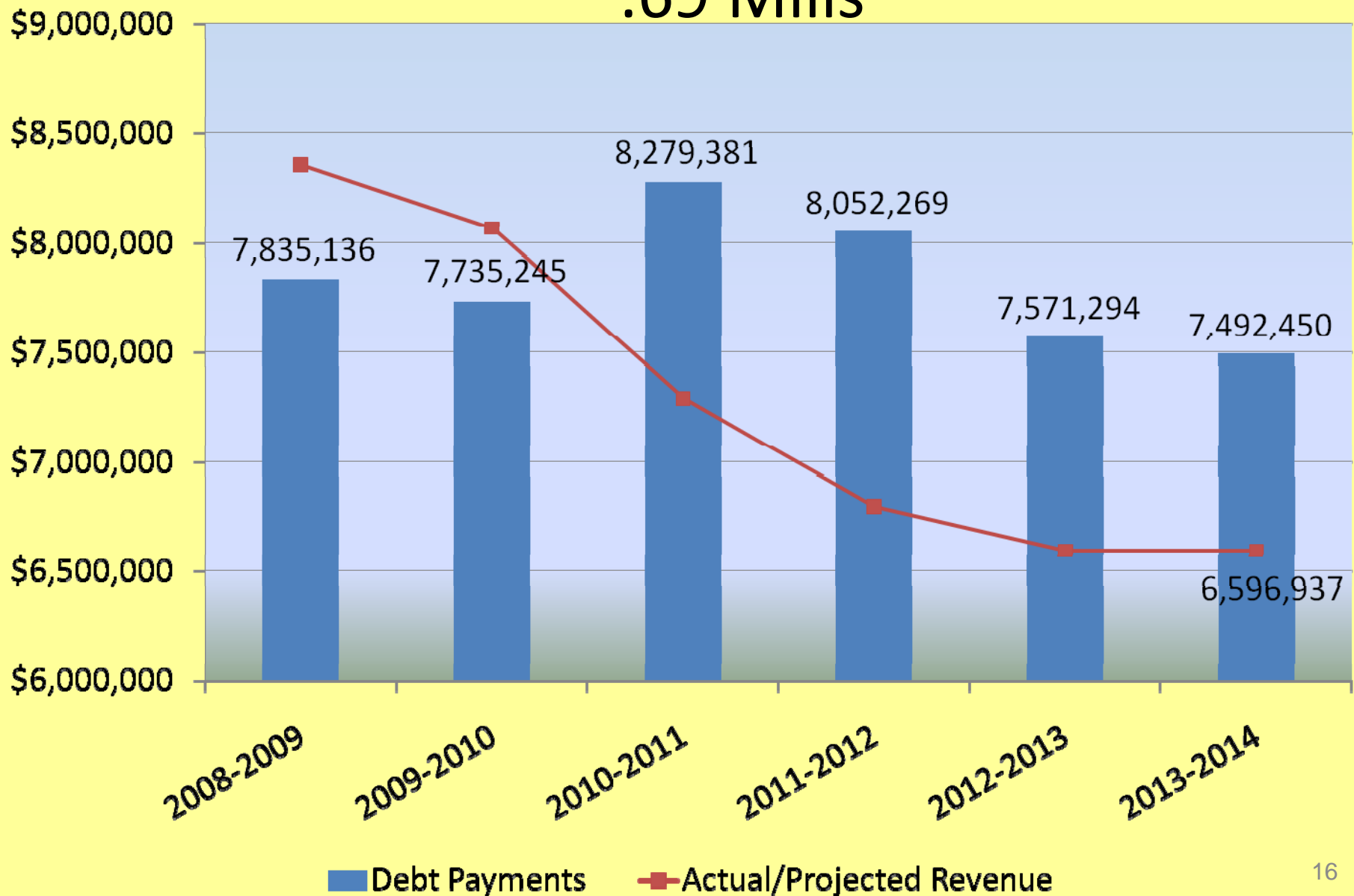
1. County and City Taxable Values will decline by 7% for 2011-2012
2. The Financial Impact (Shortfall) to the Bond Funds will be \$ 850,000 in 11/12.
3. We are legally required to levy a millage rate that will be sufficient to collect enough dollars to make the current year required payments

-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)

# Bonded Debt Payments vs Tax Collections at .69 Mills





# ***CAPITAL FUNDING***

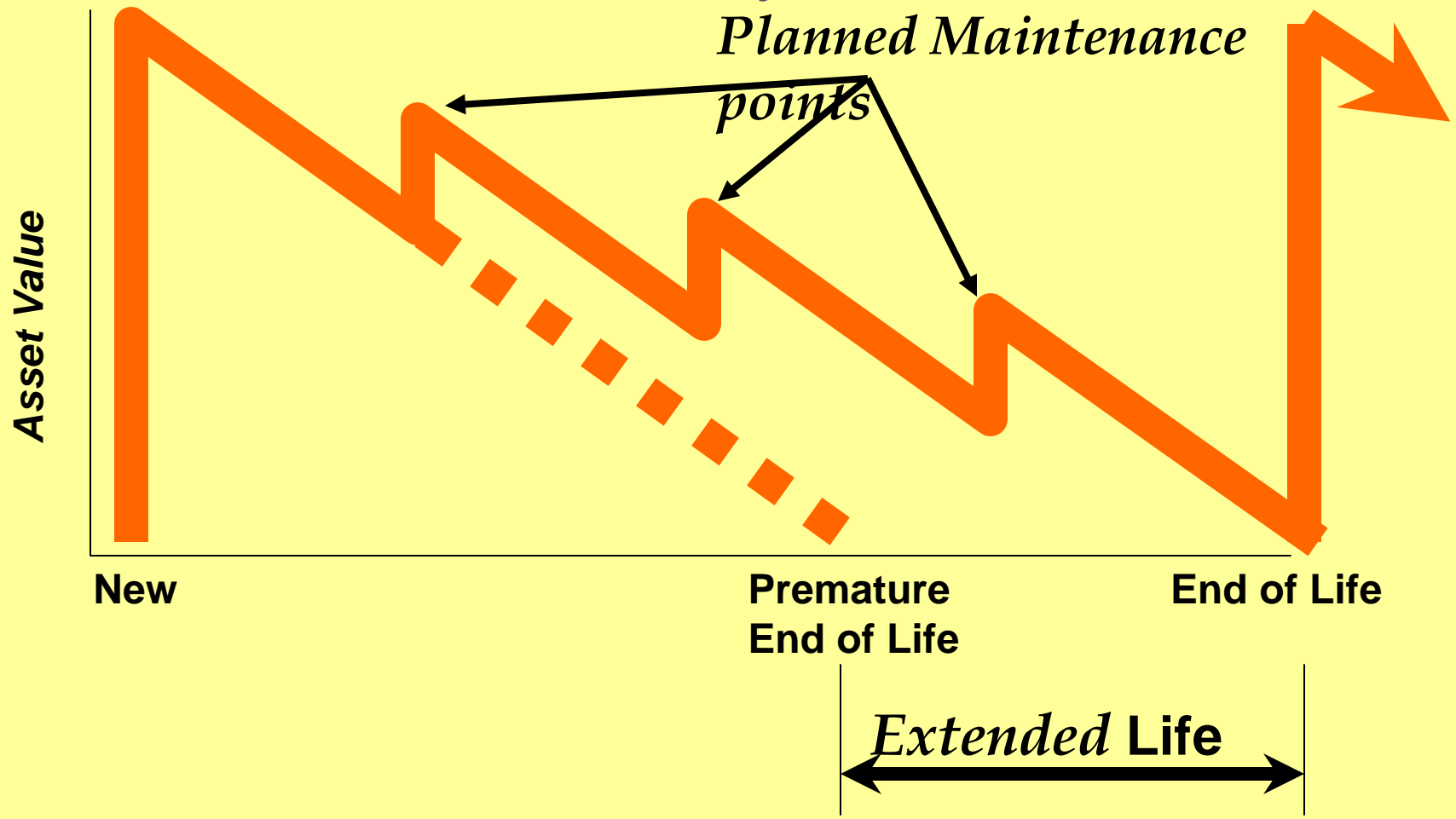


# *Link to Mission and Strategic Plans*

- *MCC's mission statement directs the college to...*

*“maintain its campuses, state-of-the-art equipment, and other physical resources that support quality higher education. The college will provide the appropriate services, programs, and facilities to help students reach their maximum potential.”*

# *MCC Asset Value vs. Time (Asset Life)*





# *Capital Asset Funding*

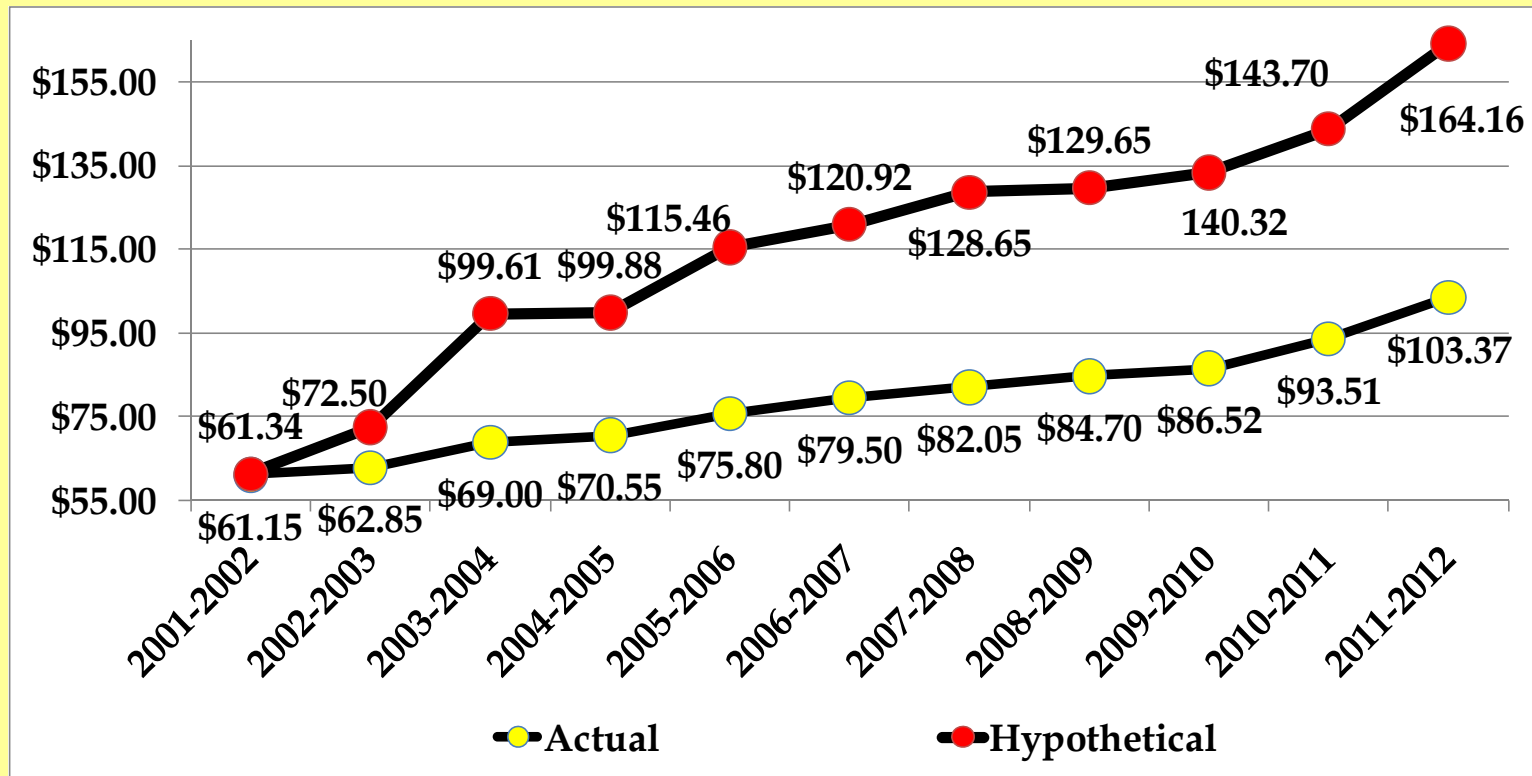
- *Current 10 year needs are approximately \$78 million*
  - *Taxable Values Declining*
  - *Availability of Bonds?*
  - *Approx. \$1.7 million in tech fees annually*

# TUITION PROPOSAL (CALENDAR YEAR 2012)

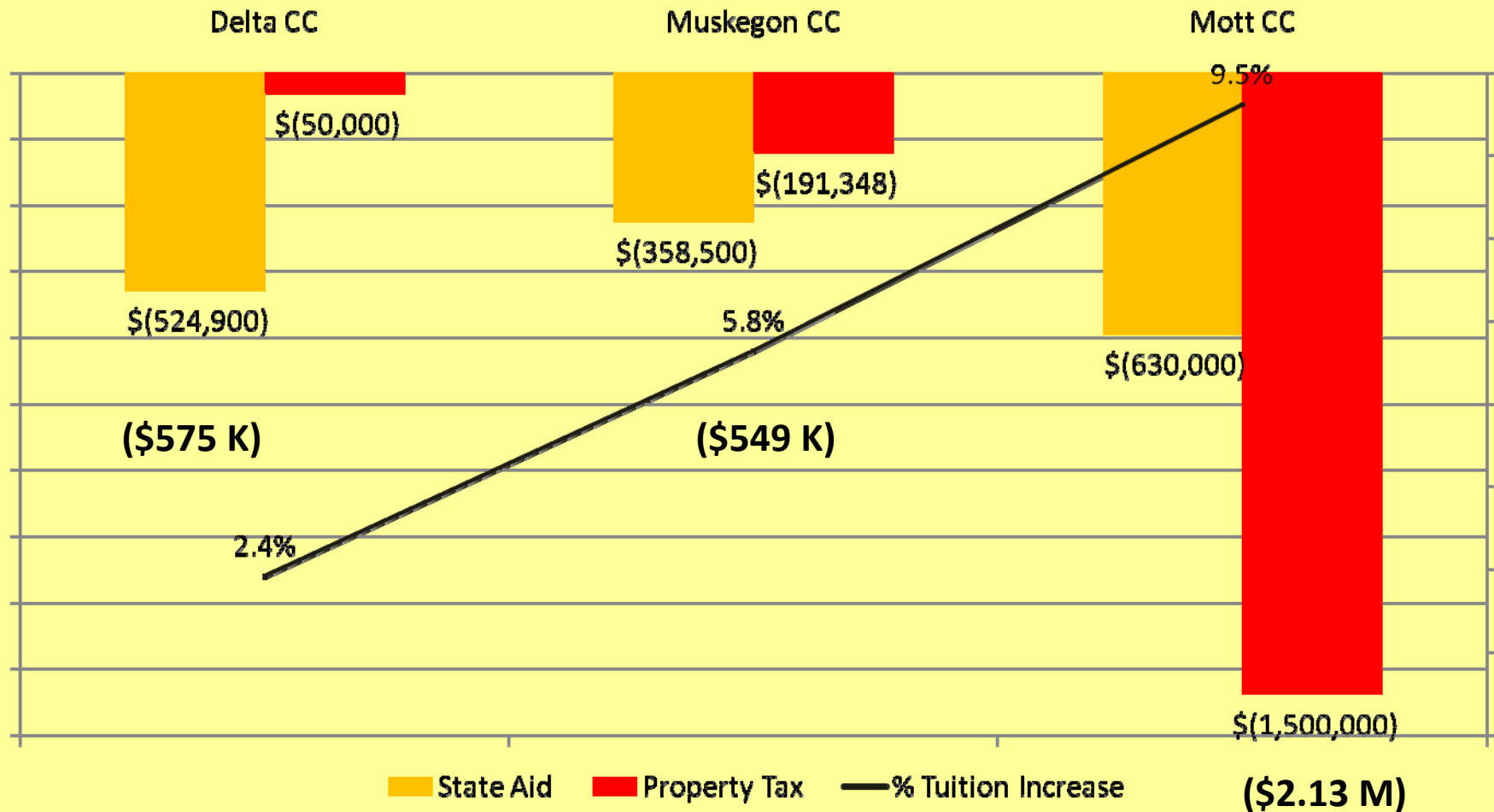


# What If Tuition Covered State Aid Losses?

Add in Property tax loss = \$250.16



# Tuition Increases Relative to State Aid & Property Tax Revenue Decreases



# Tuition Recommendation

|             |                              | <u>2011 Calendar</u><br><u>Year Rate</u> | <u>2012 Calendar</u><br><u>Year Rate</u> | <u>Increase</u> |
|-------------|------------------------------|--|--|-----------------|
| Per Contact | In-District Rate             | \$ 98.68                                 | \$ 108.05                                | \$ 9.37         |
| Hour:       | Out of District Rate         | \$ 147.72                                | \$ 161.75                                | \$ 14.03        |
|             | Out of State Rate            | \$ 197.13                                | \$ 215.86                                | \$ 18.73        |
|             | Institutional Technology Fee | \$ 5.65                                  | \$ 6.19                                  | \$ 0.54         |
|             | Student Services Fee         | \$ 98.68                                 | \$ 108.05                                | \$ 9.37         |



# 7-YEAR FORECAST



# *Mott Community College*



*Board of Trustees  
Meeting  
June 27, 2011*

*For More Information please see Board Resolutions 1.39 and 1.40*

*Questions? Contact Larry Gawthrop, CFO (810) 762-0525 or [larry.gawthrop@mcc.edu](mailto:larry.gawthrop@mcc.edu)*