

Mott Community College



BUDGET RESOLUTIONS

FINAL FY08-09 AMENDED BUDGET: General Fund



Final FY08-09 General Fund Budget

Summary

	07-08 Actual	08-09 Amend #1	08-09 Amend #2
Revenues	\$ 70,832,466	\$ 71,165,658	\$ 72,055,509
Expenditures	70,523,814	71,009,066	71,899,591
Excess Revenues Over Expenditures	\$ 308,652	\$ 156,592	\$ 155,918
Fund Balance – Beginning	\$ 6,289,572	\$ 6,598,224	\$ 6,598,224
Fund Balance – Ending	\$ 6,598,224	\$ 6,754,816	\$ 6,754,142
Fund Balance Percent*	9.36%	9.51%	9.39%

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

Final FY08-09 General Fund Budget

NET RESULTS OF AMENDMENT:

 FUND BALANCE :  \$674 or -.43% less than
January Amended Budget

 6/30/09 projected to end with \$155,918 surplus, for
total of \$6.75 million

Reserves as Required by Board Policy

#3930

● General Operating (01) Reserve

- Requires 5-10% of annual operating expenses.*
- 08-09 Amended Budget reserve of 9.39%*

● Maintenance & Replacement Fund (72)

- Requires 1-3% of College depreciated assets or \$3 M*
- 08-09 Amended Budget reserve of \$2 M*
- Amount needed to reach 3% - \$1 M*

● Building/Site Fund (78)

- Requires 1-3% of College depreciated assets or \$3 M*
- 08-09 Amended Budget reserve of \$3 M*

Navigating Our College's Finances



What is Visible

Balanced Approach

Increased Workforce Development Funding

CURRENT ENROLLMENT

Tax Dollars Lost in Debt Funds

Property Tax Losses in GF

5 of 6 Contracts Settled

Summer/Fall Tuition Freeze

What Lies Beneath..

State Funding Unstable

MPSERS Rate?

GM Property Tax Appeal

Funding of Capital Needs

Stimulus Money?

Where's the Bottom in Property Tax Values?

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PROPOSED FY09-10 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*

STRATEGIC INITIATIVES FOR 2009-2010

- Allocation for 09-10 is \$112,000 for AQIP*
- Additional \$150,000 allocated for Department/Division level planning.*

Current AQIP Action Projects :

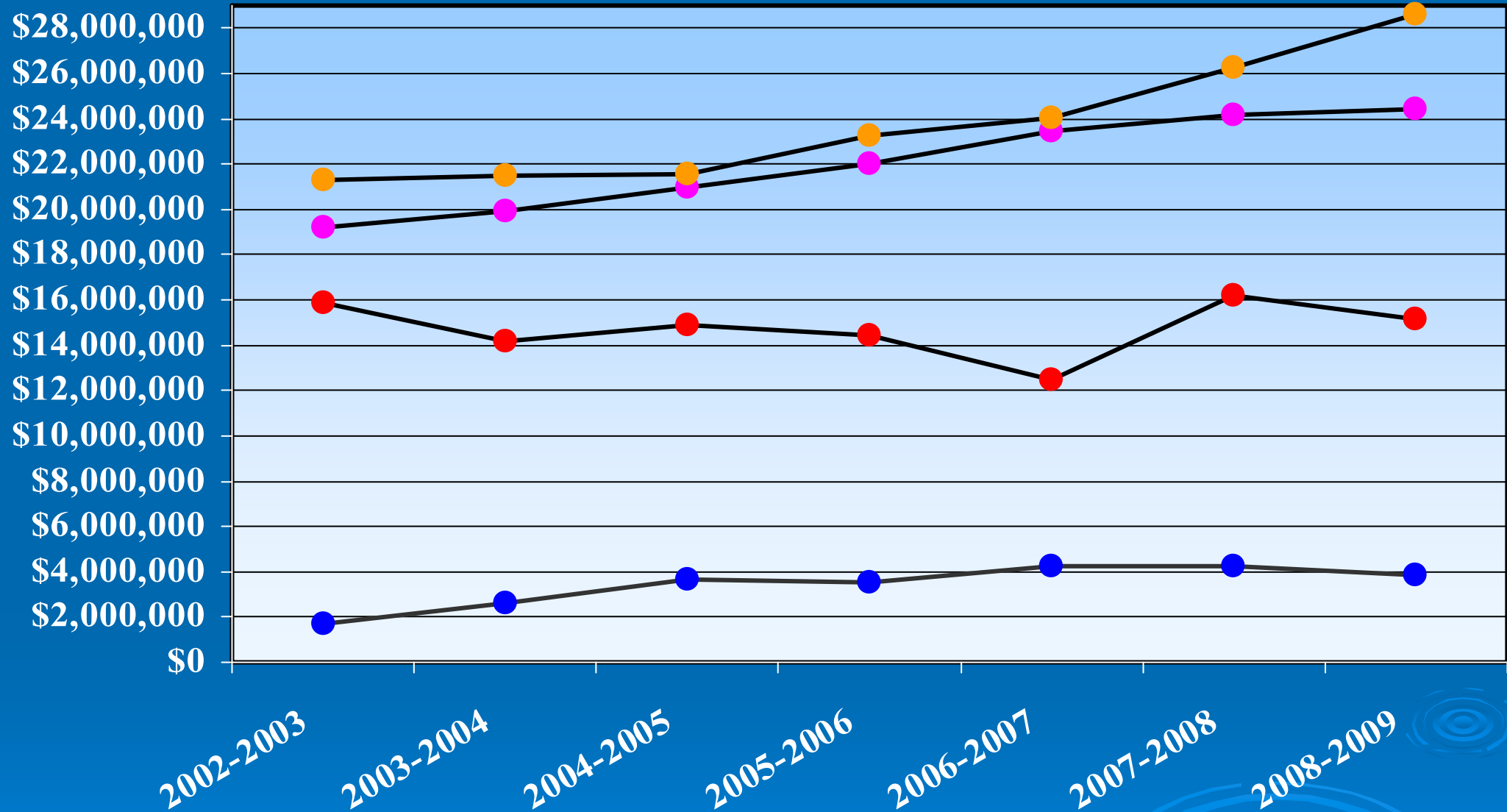
- Advising for degree completion and transfer students.*
- Data Integration*

PROPOSED FY09-10 BUDGET SUMMARY

No Change in Budget Principles.
Uncertainty still remains.

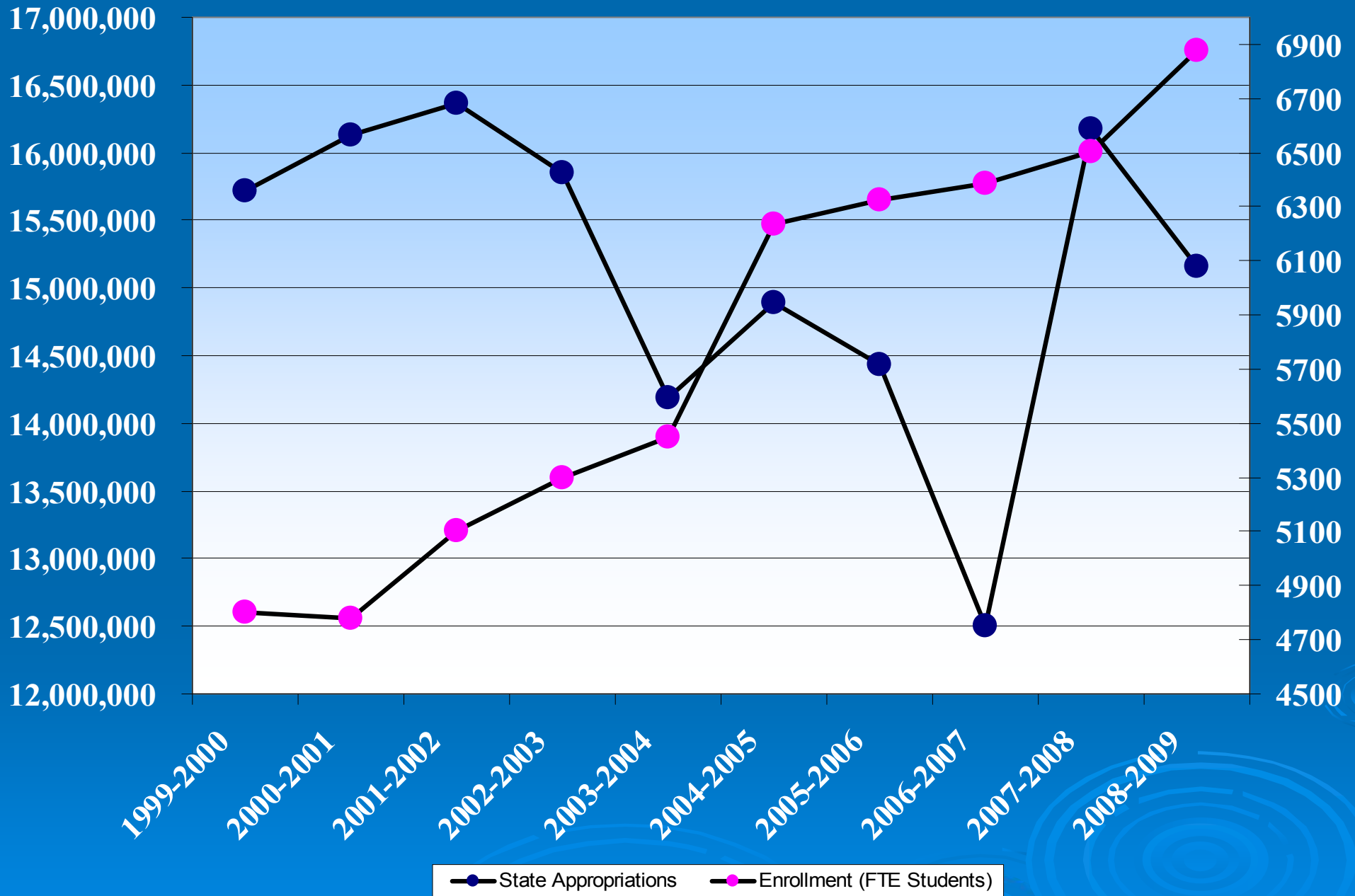
- Budget must support Strategic Plans*
- Minimize/offset impact on Students*
- Avoid overall reduction in Staffing*
- Maintain Fund Balance/Reserves*
- Maintain flexibility in Budget*
- Balanced Approach*

General Fund Revenue Trends

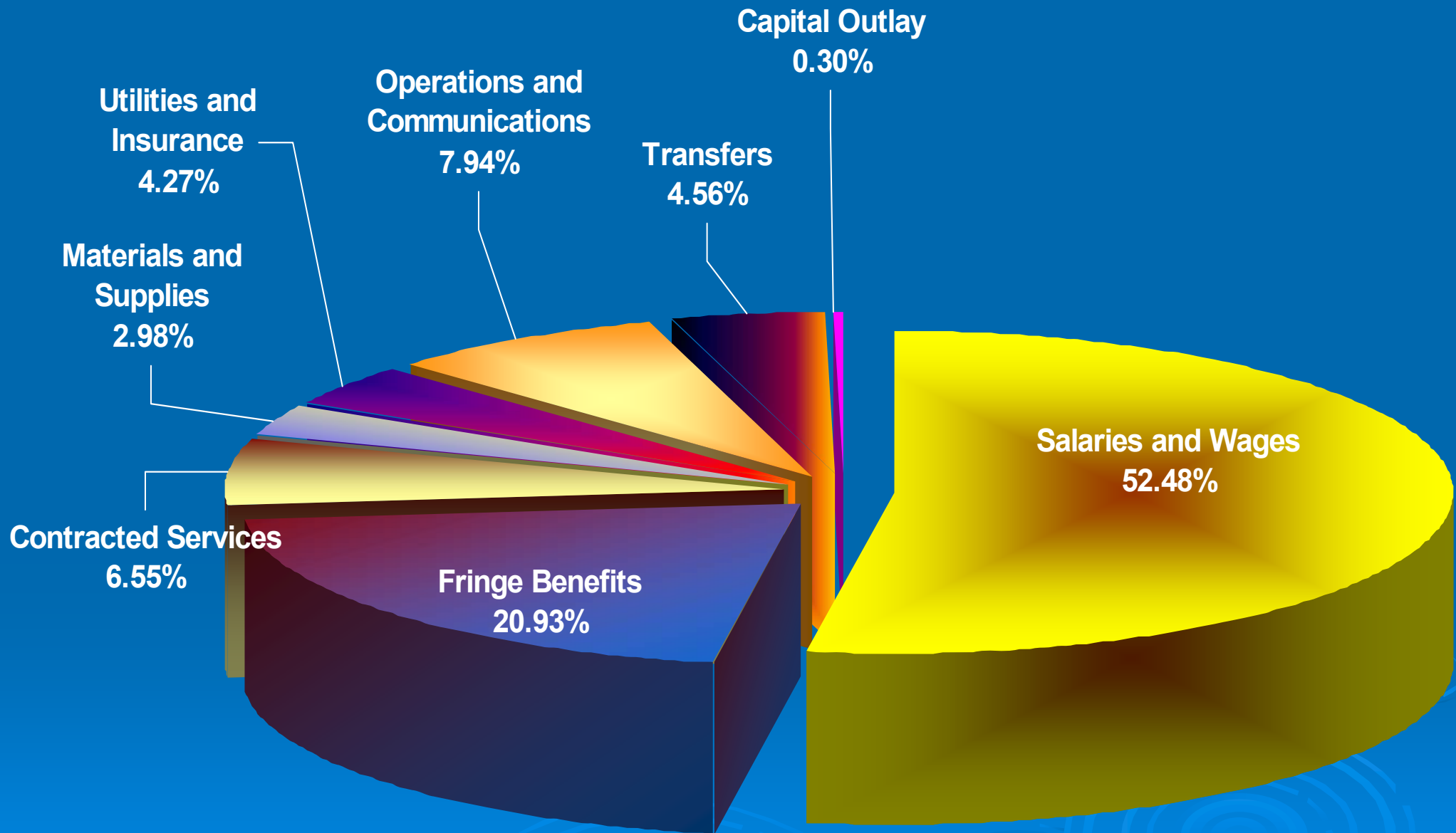


● Grants and Other ● State Appropriations ● Property Taxes ● Tuition and Fees

State Aid vs. Enrollment 1999 to 2009



Initial General Fund Budget 2009-2010 Expenditures by Activity



Initial FY09-010 General Fund Budget

Summary

	08-09 Amend #2	Initial 09-10
Revenues	\$ 72,055,509	\$ 70,968,187
Expenditures	71,899,591	70,901,002
Excess Revenues Over Expenditures	\$ 155,918	\$ 67,185
Fund Balance – Beginning	\$ 6,598,224	\$ 6,574,142
Fund Balance – Ending	\$ 6,754,142	\$ 6,821,327
Fund Balance Percent*	9.39%	9.62%

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

PROPOSED "OTHER FUNDS" FY09-10 BUDGETS

● Main Point is Impact on Operating Budget:

● Designated Fund \$2.3 Million Revenue Budget

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

● Auxiliary Enterprise Fund--\$692,500 Budget

● \$425,050 Net "profit" supplements General Fund

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

PROPOSED "OTHER FUNDS" FY09-10 BUDGETS

● *Main Point is Impact on Operating Budget:*

● Debt Retirement Fund – no General Fund impact

● *Millage Rate stays same, at 0.69 mill; Property taxes restricted*

● Capital Funds – repair, upgrade of buildings, equipment, technology, vehicles.

● *Instructional Technology Fee = \$1.28 Million per year*

● *\$2.71 million per year planned transfer from General Fund.*

7-YEAR FORECAST

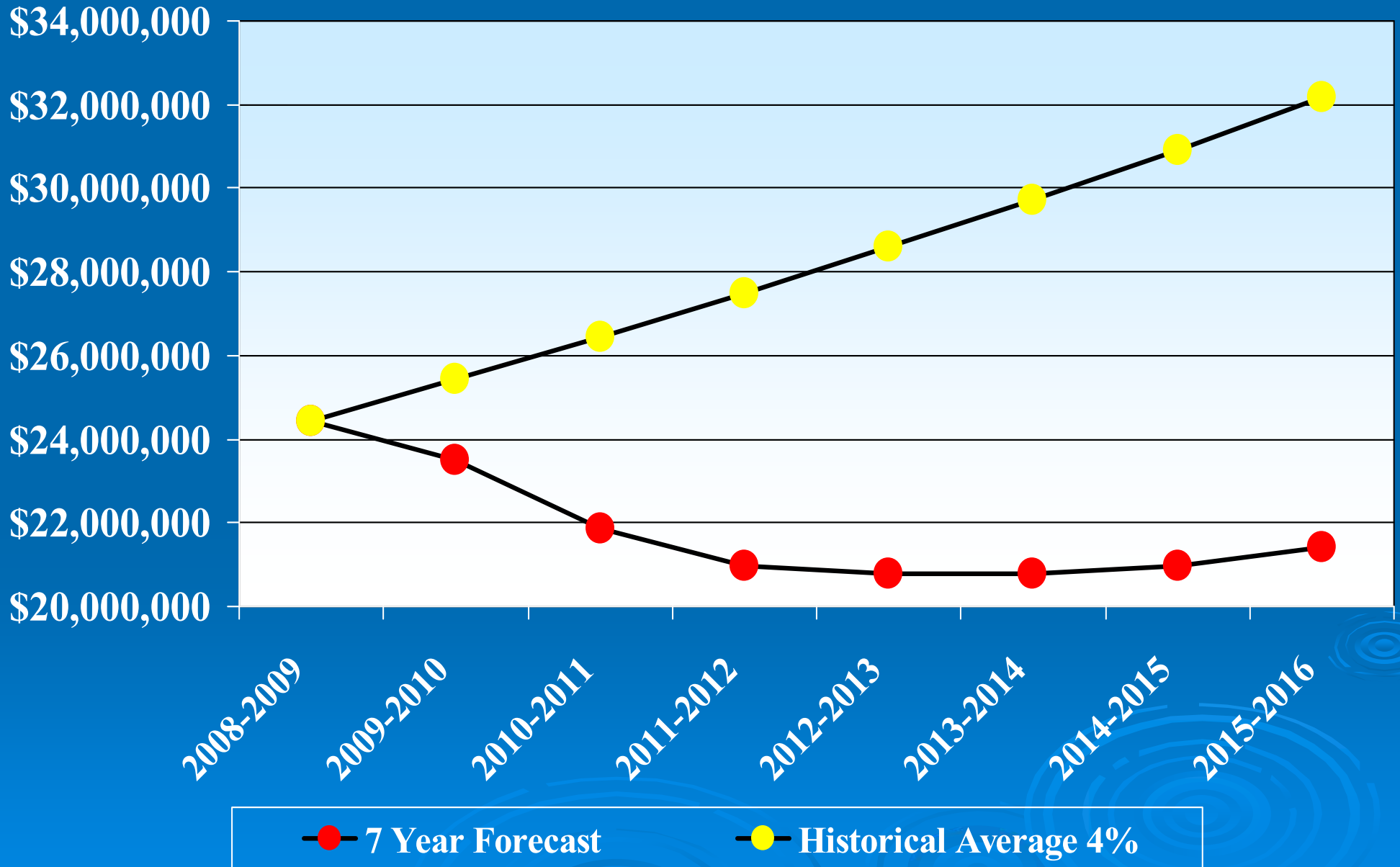
Current Economic Environment

- *Dow Jones Industrial Average declined 46.8% between December 2007 and February 2009- The largest 14 month decline since 1938 (Senate Fiscal Agency)*
- *State of Michigan Projecting deficits of \$931 Million in 2008-2009 and \$1.5 billion in 2009-10 (Senate Fiscal Agency)*
- *Unemployment Rates in April 2009 (Senate Fiscal Agency)*
 - *State of Michigan 12.9%*
 - *Flint 14.2%*
- *Home prices dropped 20% from September 04 to November 06 and another 21.9% from December 07 to March 09 (S&P/Case-Shiller 20-city seasonally adjusted composite)*
- *Housing Starts down 54.2% compared with April 2008, and 79.9% from record high in January 2006 (Senate Fiscal Agency)*

7-YEAR FORECAST

- *Projected General Fund Deficit would be \$45 Million at end of FY15-16, if current trends continued (Revenue growth of .55% vs. expenditure growth of 3.5%)*
- *Based on an average projected gap of \$8.7 million per year to be filled with budget-balancing solutions*
- *Short-term savings and flexibility continues to be key*
- *Long-term strategy of managing total compensation costs*

Property Tax Revenue Comparison



CAPITAL FUNDING

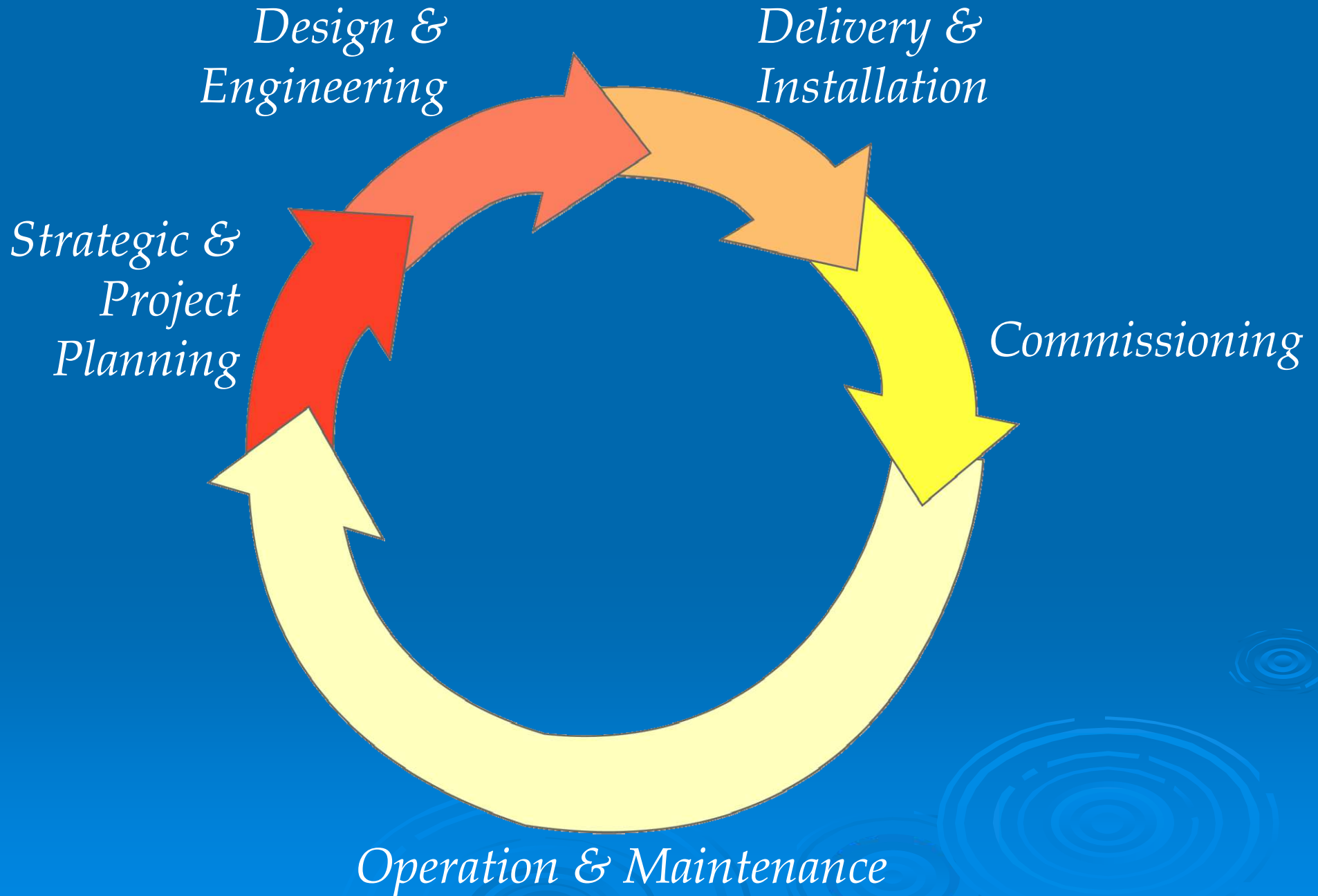


Link to Mission and Strategic Plans

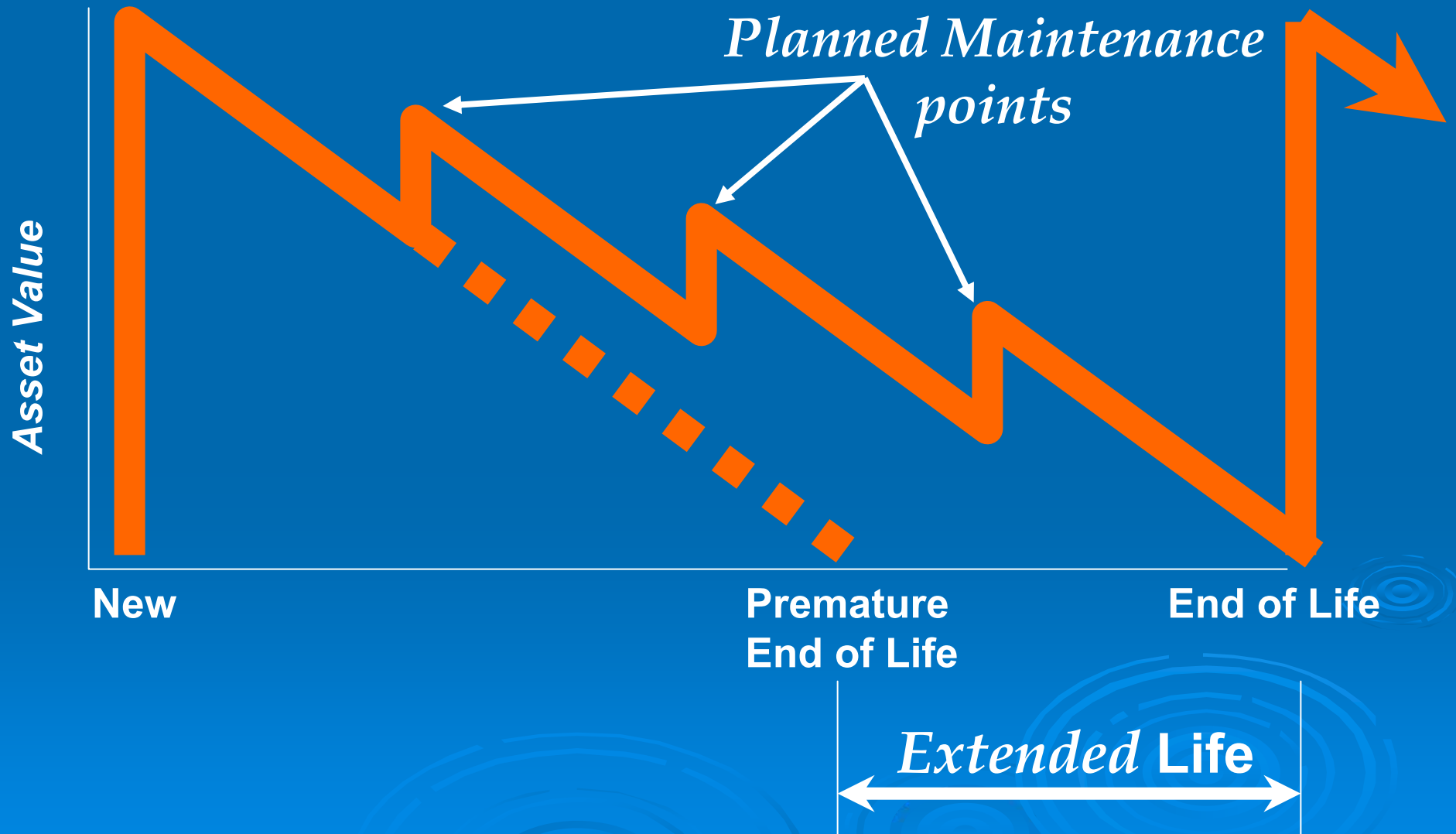
- *MCC's mission statement directs the college to...*

“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.”

Typical Asset Cycle



MCC Asset Value vs Time (Asset Life)



Deferred Maintenance

- *Planned maintenance not performed when scheduled*
- *Usually lack of funding – carried as a liability*
- *Leads to earlier asset replacement due to premature end of life*

Deferred Replacement

- *Planned asset replacement not performed when scheduled*
 - *Usually lack of funding*
 - *Carried as a liability on the books*
- *“Run-to-failure” mode of operation*
 - *Uses capital that should be scheduled for other purposes*



Capital Asset Funding

- *2004*
 - *\$65M Needs*
 - *\$45M Bonds*
 - *\$13M Operating Commitment*
 - *\$7M Student Tech Fees*
- *Current 10 year needs \$78 million*
 - *Taxable Values Declining*
 - *Availability of Bonds?*
 - *Approx. \$1.3 million in tech fees annually*

Mott Community College



*Board of Trustees
Meeting
June 22, 2009*

Questions or Comments?

For More Information:

Details and Provided with Board Resolutions 1.63 and 1.64

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