

**MUSKEGON COMMUNITY COLLEGE
FISCAL YEAR 2009-2010 BUDGET**

GENERAL FUND

Revenue

State Aid

The 2009-2010 budgeted amount of state aid is \$8,533,800 and reflects a .2% revenue increase over the actual 2008-2009 state aid amount of \$8,518,600 that Muskegon Community College will receive. Because we budgeted \$8,593,400 last year, it appears we have a decrease of .69%. Given the state's current revenue situation, our future budgets could be negatively impacted.

Property Taxes

During 2009-2010 the College will levy 2.2037 mills of ad valorem property taxes on all property (real and personal) located in Muskegon County. The millage rate will not be further reduced in 2009 by the Headlee limitation. The 2.2037 mills are expected to generate total current property tax revenues of approximately \$9,975,000 for general operating purposes or less than 1% over fiscal year 2008-2009.

The total taxable value for Muskegon County increased from \$4,646,805,560 to \$4,714,942,649 for a 1.47% increase. The taxable value of property located in Tax Increment Financing Authorities (TIFA) districts continues to increase. The College collects virtually no tax revenue on these properties. According to our estimates, the taxable value captured by TIFA districts will approximate \$177,000,000 in 2009. This affects the College by approximately \$390,000 in lost revenue, before pass-thrus, if any, and has been reflected in the budget.

For 2009, inflation, for property tax purposes, was 4.4% by the State of Michigan (this represents the average increase in the CPI during the state's fiscal year ended September 30, 2008). There will be no further Headlee reduction in the millage rate in 2009 because the total value of existing taxable property was less than inflation from one year to the next. Currently, the millage rate of 2.2037 mills is .1963 mills less than the 2.400 mills approved by the voters in May of 1993, due to permanent Headlee rollbacks in prior years. This results in total lost revenue of over \$890,000 after TIFA adjustments.

Tuition and Fees

Tuition and Fees represent just over 38% of our total operating revenues. An increase in the contact hour tuition rate beginning with the fall semester of 2009 will be as follows:

Contact Hour Tuition Rate

In-District	\$72.25
Out-District	\$119.00
Out-State	\$161.50

Given tuition rates at other community colleges and four-year universities, we believe MCC remains a great educational value.

The registration fee remains at \$35.00 per student per semester. The technology fee is currently \$7.00 per contact hour and will not increase. The technology fee allowed the College to enhance its services and quality of instruction for its students and bring the College infrastructure, systems and instructional delivery to an acceptable level.

Enrollment increased for fiscal year 2009-2010 over fiscal year 2008-2009. Enrollment for fiscal year 2009-2010 is budgeted to increase 4,000 contact hours over the 2008-2009 fiscal year. The reason for the large increase, is the positive impact the No Worker Left Behind (NWLB) program has had at MCC. We actually expect to have closer to 116,000 contact hours for the next fiscal year but only budgeted 112,000 to present a balanced budget. Any revenue the college received above the budgeted contact hours can be used to offset any revenue losses from the state or property taxes, transfer additional monies to the Maintenance and Replacement (RRR) Fund, or bring the General Fund fund balance up to the 15% desired level reported in the Muskegon Community College Strategic Plan for 2006-2011.

Other Income and Transfers In

We project that other income will decrease by over \$160,000. This is a result of decreased interest rates. Transfers in will remain flat in 2009-2010. The transfer in is from the book store funds to help off-set the payment of the 2005 Bond issue.

Expenditures

Salaries and Wages

The budget for salaries and wages is based on projected staffing levels and contractual agreements. Salary and wage adjustments for the APS have yet to be finalized and have been estimated for budget purposes.

There are no new positions included in the budget. We have budgeted for the replacement of five faculty positions to replace five faculty who have retired. Adjunct faculty will be hired to fill any instructional shortfalls.

Fringe Benefits

Fringe benefits, on average, represent approximately 43.6% of gross (non-student) wages. This is a decrease of almost 5% from the prior year. Over the last couple of years we have increased the employee premium contributions as well as the co-pays for prescription drugs. The required MPSERS retirement rate will increase from 16.54% to 16.94% on October 1, 2009.

The College is continuing to review and evaluate all of its fringe benefit areas and search for ways to reduce the ongoing increases.

Other Expenditures

Non-salary/fringe benefit expenditures, excluding capital outlay, debt service payments and transfers out represent approximately 22% of the total general fund budget. These expenditures increased by \$205,600 or 3.1% from the 2008-2009 budget.

Materials/supply-classroom & lab increased by \$135,000 due to the Commercial Drivers License program. This increase is offset by increased revenues. In most cases, departments “held the line” on spending increases. The remaining changes are spread across several departments and are small in dollar amount.

Capital Outlay

Capital Outlay for 2009-2010 totals just over \$710,000 and is a 20% increase over the prior year budget. However it represents only 2.3% of the total general fund budget.

Detail of individual requests, along with estimated costs, may be reviewed in the Financial Services Office.

Transfers Out

The 2009-2010 budget for transfers to other funds is \$1,653,000. This is an increase of almost \$205,000 over the 2008-2009 budget. There is a budgeted increase of \$150,000 for the RRR fund and a \$50,000 transfer to the golf course for annual maintenance. A total of \$802,861 represents the scheduled principal and interest payments to be made on the 2003 (\$136,278) and 2005 (\$666,583) bond issues. \$400,000

OTHER FUNDS

A summary of revenue and expenditures by department for the other funds has been included. Expenditures for most of these funds are equal to the amount of the revenue received. If expenditures are greater than revenues, there is sufficient fund balance to cover the deficit.

A detail for each department by line-item can be obtained in the Financial Services Office. Questions regarding specific areas may be directed to Rosemary A. Zink, CPA, CMA, Associate Vice President of Administrative Services at 231-777-0314 or at Rosemary.Zink@muskegoncc.edu.