Northwestern Michigan College
Board of Trustees
2016 Working Budget

Update
May 18, 2015

Discussion Goals

• Review changes from April

• Review highlights of budget binder

• Recognize risk factor of revenue/expenses

• Board input
Changes since April Update

• Property tax revenue increased from 1.67% to 3.16% based on data from county increase of $147,000

• Tuition revenue change in rate increase of $54,210

Budget update

• Tuition and fee rate increase for general tuition
  – In-District increase rate by $5.45
  – Out-of-District increase rate by $10.80
  – Out-of-State increase rate by $14.10

• Recommendation for International tuition rate
  – Approval for FY 16 rate to be 20% above Out-of-State rate (recommendation was made in FY 2015 to allow students to prepare for change)
Revenue Impact

- Each 1% change in contact hours or tuition rate - $150,000

- Revenue sources: 6th highest in reliance on tuition income

<table>
<thead>
<tr>
<th></th>
<th>2014 NMC Actual</th>
<th>2016 NMC Budget</th>
<th>State Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>50%</td>
<td>55%</td>
<td>43%</td>
</tr>
<tr>
<td>Property tax</td>
<td>25%</td>
<td>22%</td>
<td>35%</td>
</tr>
<tr>
<td>State</td>
<td>24%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Total Compensation

- Each 1% change in staff salaries has a budget impact of $250,000. Faculty changes have not been included in FY 2016 budget until agreement is reached.

- Change in total compensation built into budget with a budget impact 2.8% (includes salary changes for staff in January at same rate as 2015 and increase in MPSERS costs).

- Healthcare costs are flat for 2016 based on savings from change in plan administrator.
Faculty and Staff positions

• Positions that are recommended in FY 2016 are either for a transition period or to build program enrollment in culinary.

• Recommendation for use of working capital reserve for positions related to 2016 faculty retirements.

• Culinary recruiter position with goal to increase enrollment for program

Review budget model
Revenue & Expense Risks

Revenue:
- Budgeted contact hours - each 1% change would result in $150,000 less revenue
- State appropriations - each 1% change results in $100,000

Expenses:
- Changes in class efficiency
- Faculty compensation changes based on new contract

Next Steps

• PBC to review and send recommendations to President

• President to review and make recommendation to Board of Trustees

• Present final recommendation for approval by the Board of Trustees at June board meeting