

Northwestern Michigan College
Board of Trustees
2018 Working Budget

Update
April 2017

Budget Update

- National Trends
- Review major revenue assumptions
- Revenue comparisons
- Allocation of resources
- Review scenarios
- Questions and Feedback on scenarios

National Trends

- Student enrollment in the 24 and older age group has declined by more than 250,000
- Michigan ranked third highest in largest decline

*data source Community College Week

Spending changes anticipated in 2017 compared to 2016

Expense	Increase significantly	Increase modestly	Stay the same	Decrease modestly	Decrease significantly
Staff Salary	0%	70%	25%	3%	2%
Health Benefit	24%	38%	28%	10%	0%
Pension	16%	27%	51%	5%	2%
Technology	10%	57%	29%	3%	2%
Facility	8%	45%	27%	11%	8%
Athletics	10%	39%	49%	2%	0%

Revenue changes anticipated in 2017 compared to 2016

Revenue	Increase significantly	Increase modestly	Stay the same	Decrease modestly	Decrease Significantly
Tuition	6%	52%	23%	17%	2%
Student fees	6%	63%	22%	9%	0%
State/federal	0%	15%	52%	26%	8%
Endowment Income	9%	42%	36%	11%	2%
Advancement income	3%	46%	35%	16%	0%

Revenue Sources

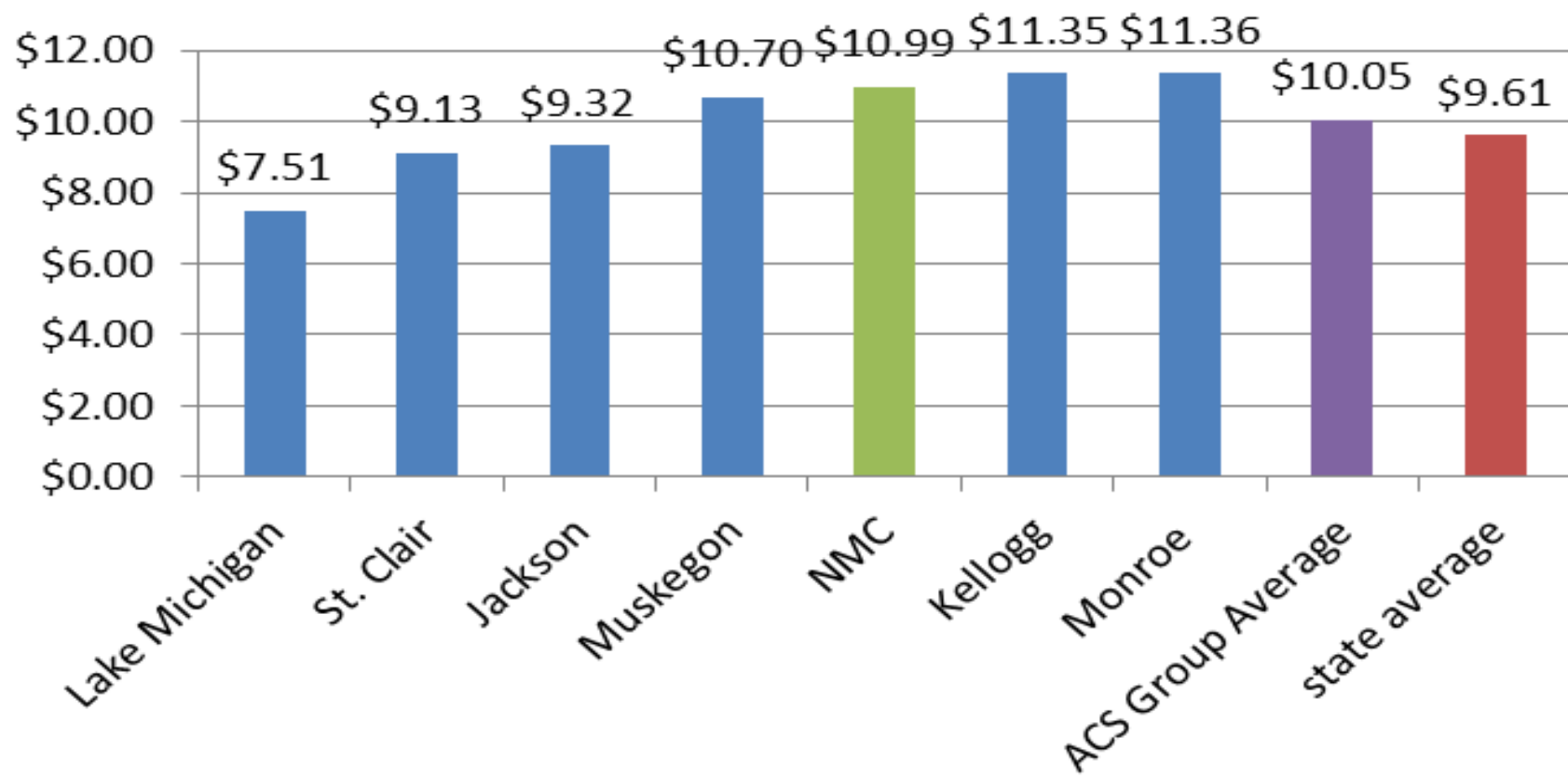
College	Tuition & Fees	Property Tax	State Aid	Other
Mid-Michigan	71%	9%	19%	1%
Henry Ford	56%	17%	26%	1%
Jackson	53%	11%	27%	9%
NMC	52%	22%	21%	5%
Grand Rapids	50%	28%	17%	5%
Schoolcraft	50%	28%	15%	7%
Delta	44%	33%	21%	2%
Southwestern	44%	24%	30%	2%
North Central	43%	34%	19%	4%
Kellogg*	42%	27%	27%	4%
Macomb	42%	26%	24%	8%
Gogebic*	41%	14%	44%	1%
Kalamazoo	41%	34%	22%	3%
Alpena	40%	19%	40%	1%
Muskegon	40%	27%	23%	10%
Lansing	39%	32%	26%	3%
St. Clair	39%	34%	25%	2%
Bay-de-Noc*	38%	21%	29%	12%
Mott	38%	28%	17%	17%
Kirtland	35%	43%	20%	2%
Monroe	34%	44%	21%	1%
Washtenaw	32%	49%	13%	6%
Lake Michigan	31%	43%	15%	11%
Oakland	31%	54%	15%	0%
Montcalm	30%	35%	20%	15%
Wayne	29%	56%	13%	2%
Glen Oaks	26%	50%	23%	1%
Westshore*	17%	51%	14%	18%
State Average	41%	34%	20%	5%

2016 Allocation of Resources as a percentage of expense

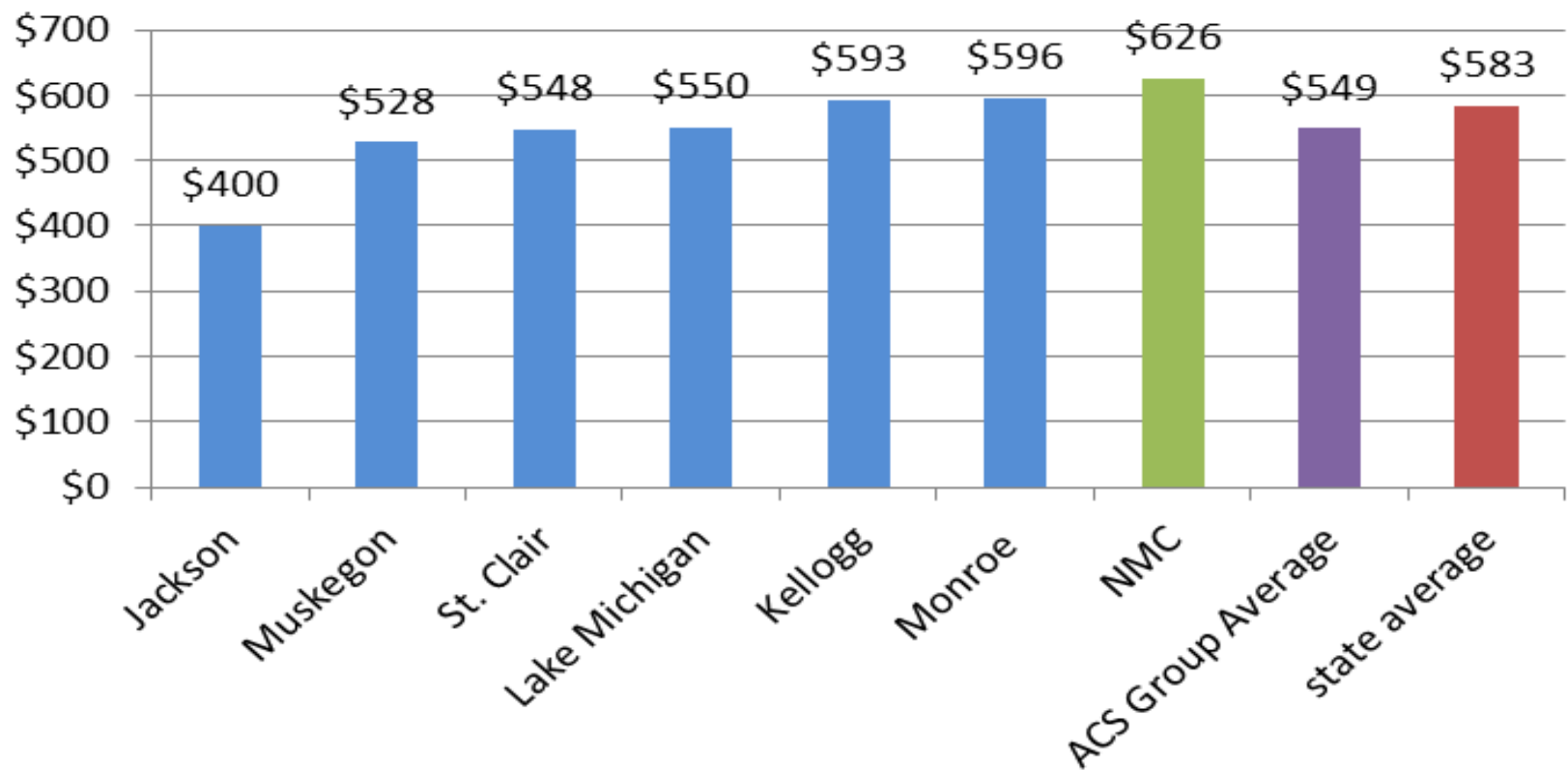
<u>Category</u>	NMC	ACS Group	State Average
Direct Instructional Costs	43.4%	46.4%	45.8%
Instructional Support	<u>16.6%</u>	<u>13.2%</u>	<u>13.7%</u>
Direct Instruction + Support	60.0%	59.6%	59.5%
Student Services	13.2%	13.7%	13.5%
Administrative	14.7%	13.8%	13.5%
Public Service	00.8%	1.0%	1.4%
Physical Plant	11.2%	11.8%	12.2%

Source: ACS table 28 (2015/2016)

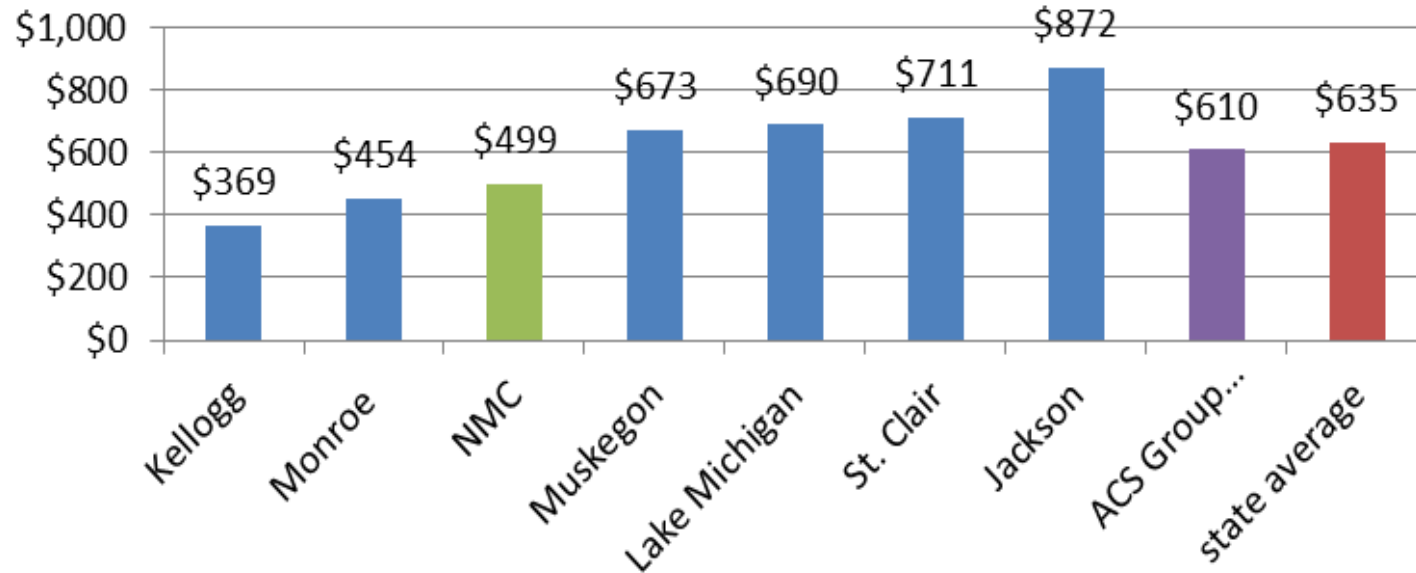
Direct Instructional costs per contact hour 2016 ACS Report



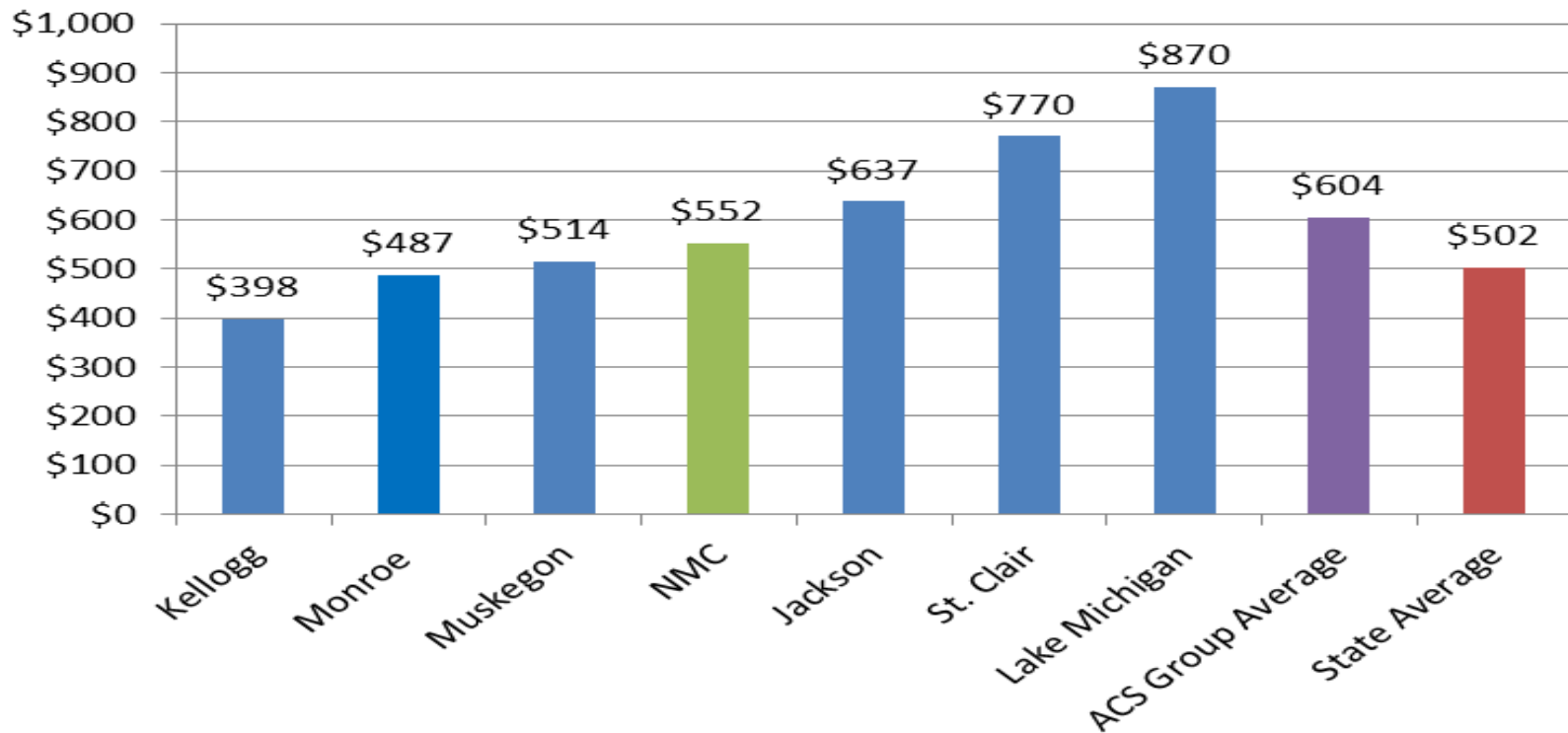
Instructional Support costs per headcount 2016 ACS Report



Student Services costs per headcount 2016 ACS Report



Administrative cost per headcount 2016 ACS report



Summary of cost allocation

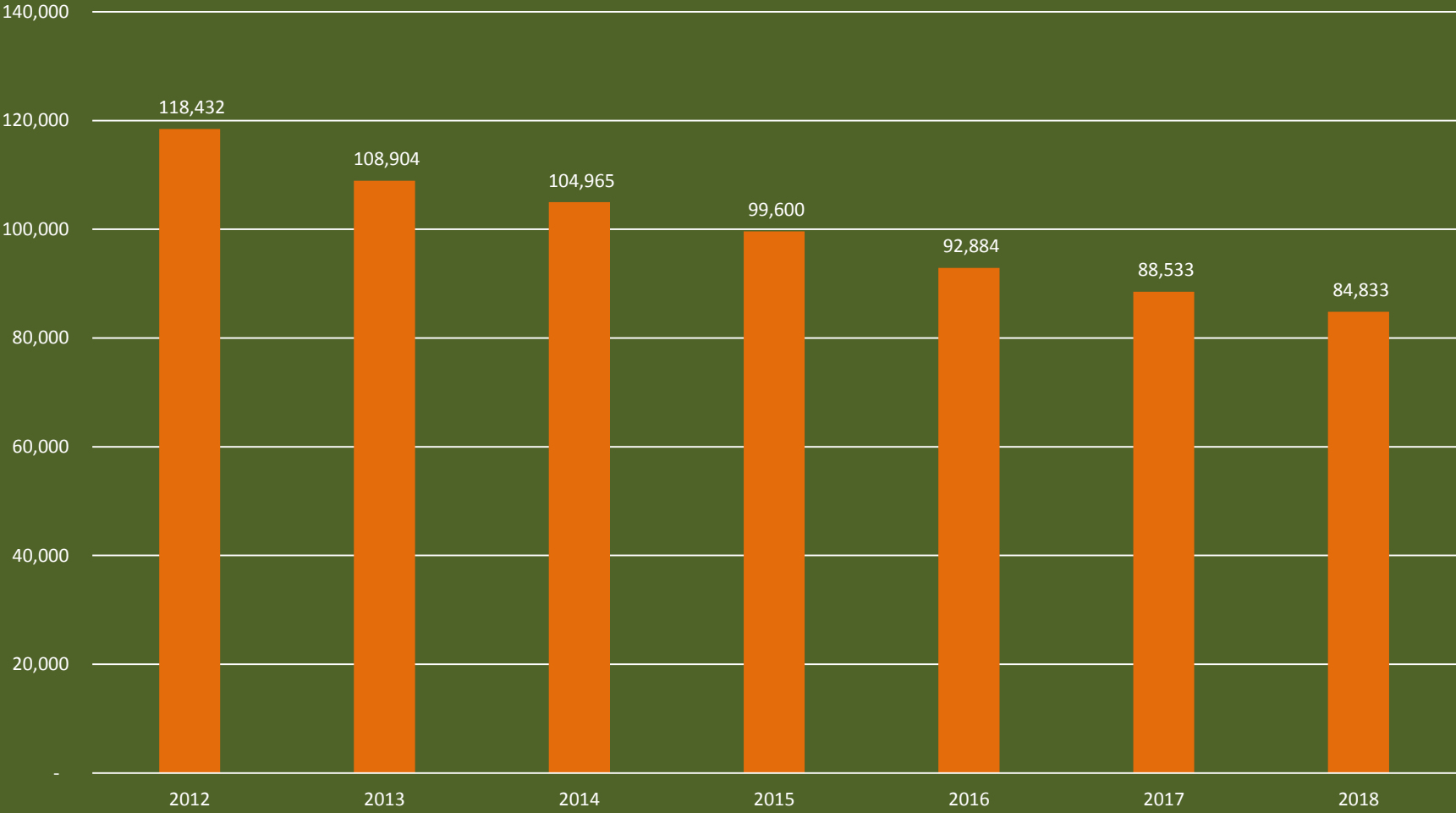
Activity	NMC	ACS Group Average	State Average
Instruction – Per contact hour	\$10.99	\$10.05	\$9.61
*Instructional Support	\$626	\$549	\$583
*Student Services	\$499	\$610	\$683
*Administration	\$552	\$604	\$502

* Per headcount

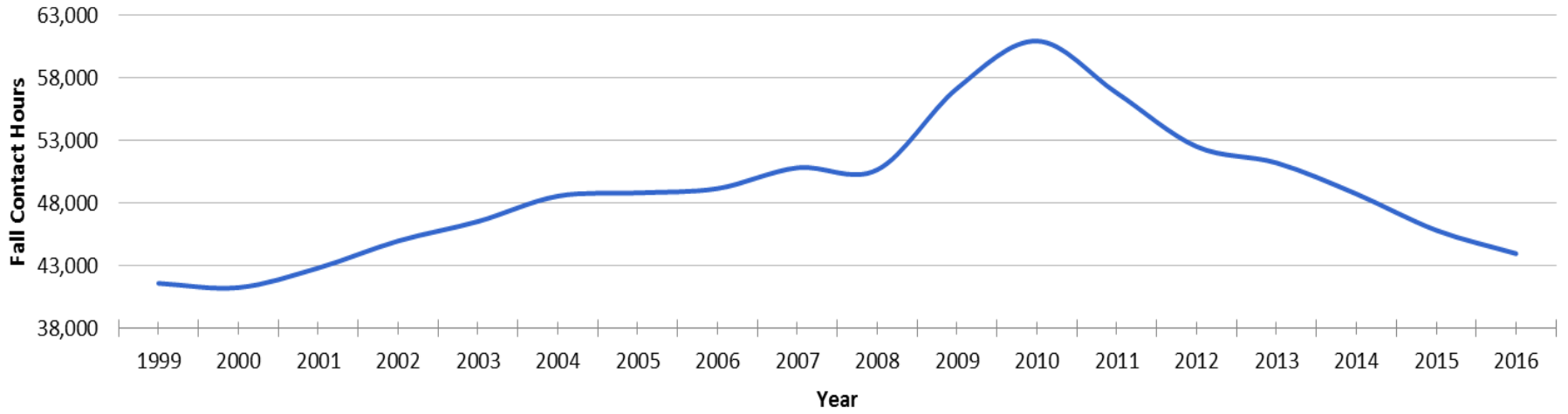
State Trends that will Impact Future Years

- Continue to see limited property tax increases based on Headlee
- Minimal state appropriation increases
- Declining high school student population in Michigan

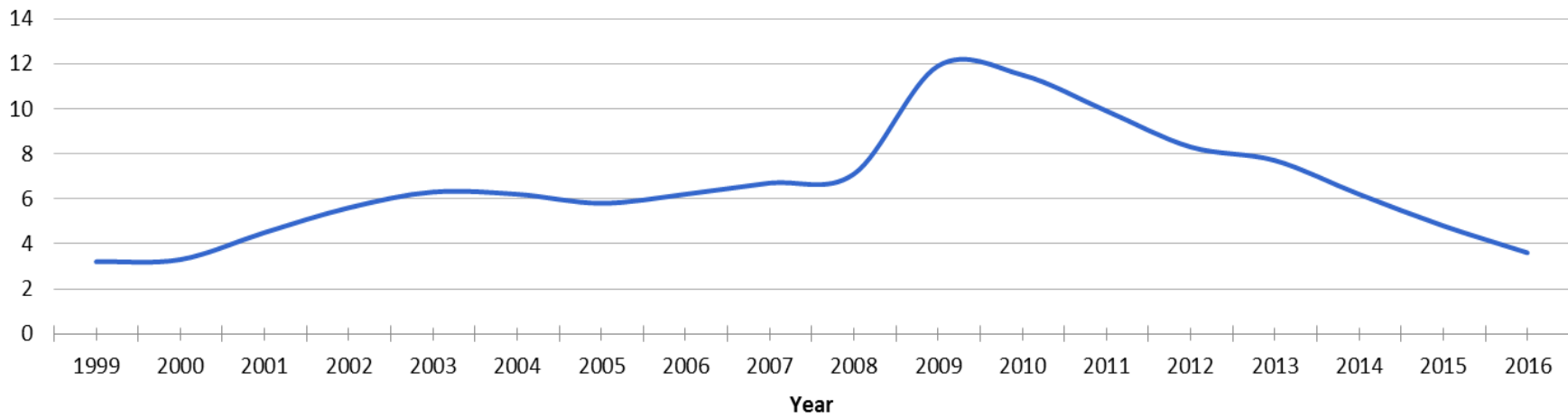
Contact hour comparison



Fall Contact Hours



Grand Traverse County Unemployment Rate - May



2018 Revenue Assumptions

- Limited property tax increases – tied to rate of inflation (1.6%)
- Minimal state appropriation increases (1%)
- Decrease in contact hours of 4.18% compared to FY 2017 actuals

Structural changes

- 2017 employee reductions
 - Through attrition eliminated 5 FTES (2 faculty positions and 3 staff/administration positions) for a total of \$339,000 in salary costs
- 2014-2016 reductions
 - Through attrition and consolidation of services eliminated 15.75 FTES (staff positions)

General Rate Tuition Changes

Scenario	Tuition Category	Increase per contact hour	Annual Average increase
1	In-District	\$0.00	\$0.00
	Out-of-District	\$0.00	\$0.00
	Out-of-State	\$0.00	\$0.00
2	In-District	\$3.60	\$86.40
	Out-of-District	\$7.20	\$172.80
	Out-of-State	\$9.35	\$224.40
3	In-District	\$4.65	\$111.60
	Out-of-District	\$9.25	\$222.00
	Out-of-State	\$12.00	\$288.00
4	In-District	\$5.20	\$124.80
	Out-of-District	\$10.25	\$246.00
	Out-of-State	\$13.35	\$320.40
5	In-District	\$5.20	\$124.80
	Out-of-District	\$10.25	\$246.00
	Out-of-State	\$13.35	\$320.40

Average annual costs to student based on 24 contact hours for the academic year

Summary of Scenarios

- #1
 - no changes in tuition rates
 - E&G changes
 - Salary increases based on CBA
 - Increase in capital spending (reduced last year)
 - Increase in transfer to technology fund
- #2 & #3
 - Change in tuition rates
 - Expenses same as #1
- #4
 - Change in tuition rates
 - Increase in staff salaries
- #5
 - Change in tuition rate
 - Change in general fee
 - Reduction in employee FTES
 - Expenses same as #4

Shifts in revenue or expense

- Revenue impact
 - Change in actual contact hours
 - Change in state appropriation
 - Change in mix of students (i.e. In-district, differential tuition)
- Expense impact
 - Course efficiency
 - Class sizes
 - Salary changes

	no changes	2	3	4	5
	4,174		-	-	-
Change in flight fees	(39,602)	(39,602)	(39,602)	(39,602)	(39,602)
Change in Training Revenue	-	-	-	-	-
EES revenue	2,450	2,450	2,450	2,450	2,450
Tuition Revenue/CHANGE IN ENROLLMENT	(599,679)	(599,679)	(599,679)	(599,679)	(599,679)
Other Sources	129,000	129,000	129,000	129,000	129,000
State appropriation (1%)	121,145	121,145	121,145	121,145	121,145
Property tax (1.7%)	168,540	168,540	168,540	168,540	168,540
Fee change General Fee, Tech Fee, Facility Fee					229,054
Tuition change		470,162	577,799	629,530	629,530
Income changes	(218,146)	252,016	359,653	411,384	640,438
		-	-	-	-
E&G other	278,663	278,663	278,663	278,663	278,663
Capital equipment spending	200,000	200,000	200,000	200,000	200,000
		-	-	-	-
Expense change	478,663	478,663	478,663	478,663	478,663
Net Gain (loss)	(692,635)	(226,647)	(119,010)	(67,279)	161,775
Change in adjunct contracts	160,175	160,175	160,175	160,175	160,175
Reduction in Staffing (Salary & Benefits)					(866,420)
Allocation for staff salary increases				200,000	200,000
Open positions that are delayed including benefits	(208,000)	(208,000)	(208,000)	(208,000)	(208,000)
Change in salary costs based salary changes awarded last year for faculty and staff	494,100	494,100	494,100	494,100	494,100
Change in percentage based benefit costs	231,338	231,338	231,338	231,338	231,338
Healthcare costs	50,000	50,000	50,000	50,000	50,000
	-	-	-	-	-
Compensation & Personnel changes	727,613	727,613	727,613	927,613	61,193
Transfers increase for technology fund	100,000	100,000	100,000	100,000	100,000
Net Gain (loss)	(1,520,248)	(1,054,260)	(946,623)	(1,094,892)	582

NMC Future Strategies For Revenue Growth

- Increased recruitment efforts in local and regional area
- Strengthen areas of expertise – to recruit outside the region and country
- Execute on select areas for portfolio b & c
- Investment in Foundation

College employees next steps

April & May

Planning and Budget to review scenarios

- Review of fee structure and recommend changes
 - Understand how expenditure reductions effect growth and service levels
 - Prioritize resources
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- VP to review expenditure details and positions
 - Recommend areas of consolidation
 - Areas that can delay employee hires
 - Recommend areas for employee reductions

 - College wide small group meetings
 - Allow individuals to understand budget proposals
 - Allow for individual feedback: areas that can realize savings or additional revenue streams

May - June

- Board retreat May 11, 2017
 - Gather feedback on proposals
 - Understand service level changes
 - Gather feedback on NMC priorities
 - New initiatives
 - Investments for future growth
- June Board of Trustees meeting
 - Present recommended balanced budget for FY2018

Questions