MCC Mohave Community College

Minutes

MCCCDGB Workshop

Friday January 8, 2021, immediately following the regular meeting (~11:30 a.m.)
Originating via Remote Conferencing at: https://mohave.zoom.us/j/760248438

https://mohave.zoom.us/j/760248438 (viewing and public comment)
1-669-900-6833 (listening and public comment), Meeting Number: 760-248-438
To submit a public comment up until 7:00 a.m. on the day of the meeting, citizens can email comments to jbare@mohave.edu or leave a voicemail message at 928-757-0801

(Action Items are in **bold** print)

I. Call to Order and Pledge of Allegiance (2021 Board President)

II. Roll Call (Curley)

Julie Bare (#2)	Present (remote video)
Susan McAlpine (#4)	Present (remote video)
Vance Miller (#1)	Present (remote telephone)
Ashley Pascual (#3)	Present (remote video)
Judy Selberg (#5)	Present (remote video)

III. Fiscal Year 2021 Budget Review: Revenue and Expense Considerations
(College President Stacy Klippenstein, Chief Financial Officer Sonni Marbury)

Revenue Sources for MCC

For	year ended 6/30/20	year ended 6/30/11
Total	$43,631,408	$41,879,642
	% of Total	% of Total
Sources		
Property Taxes	57.67%	43.18%
Government Grants & Contracts	22.35%	34.33%
Tuition & Fees (net of allowances)	12.11%	10.02%
State Appropriations	3.74%	8.79%
Other	4.13%	3.68%

Considerations for overall revenue sources:

- Government Grants share has a 12% decrease mostly due to enrollment and Pell distributions
- Property Tax share has increased around 14% of revenue proportions
- State Appropriations has decreased by more than ½ in its share as a revenue source
- Tuition has remained at $81/credit hour since 2015-16

Tuition & Fee Revenue

Considerations for tuition & fee revenue:

- Tuition has remained at $81/credit hour since 2015-16
- Tuition & Fee revenue has increased from 10.02% of college revenue, to 12.11% proportionally
- The effect of our demographic and levels of Pell eligible students
- Technology Fee of $1 under discussion to balance the impact of a new ERP
- Non-credit fee revenue for testing, etc
- How will Prop 207 allocations impact revenue balance in coming years

Expenses for MCC

Operating Expenses 2019-2020		Operating Expenses 2010-2011
$36,508,366		$36,487,029
Instruction	32.75%	29.45%
Scholarships	18.06%	21.60%
Institutional Support	16.52%	16.77%
Student Services	9.56%	9.07%
Academic Support	9.49%	10.41%
Maintenance of Plant	8.30%	7.56%

Considerations for expenses:

- While enrollment has dropped from a high of 3,975 in 2010-11, the portion of scholarship expenses has decreased by only 3 ½%.
- Instruction expenses have increased by 3.3% over a decade during enrollment declines
- Institutional Support (often viewed as administrative overhead) has decreased

Additional consideration for expenses for MCC

- Healthcare Insurance premiums likely to be double-digit increase
- Contingency amounts and the possibility of a greater definition (i.e. designated reserve amounts for construction, IT, emergency operations, etc)
- New software will allow for increased ability to match specific program expenses to specific revenue sources
- Increased ability to use alternative revenue (example of NCK downtown renovations)
- HLC Ratios/Deploying resources to match strategic plan goals
- Pandemic Issues – some colleges are delaying capital projects, program expansion and vacant position hiring

CCD Forms or "Long-Form" Review

- Total of 7 pages, 2 of which are noticed most – Sch A & Sch C
- Schedule A is a summary page
- Schedule C is an expense page
- Both have previous year numbers to compare
- Voted on in June, but discussed each month in relation to Strategic Plan priorities and large purchases

Schedule A Review:

- Schedule A is a summary page that contains information that can be misunderstood
- Previous year numbers to compare
- Expenditure summary removes information on 3 funds and concentrates on only the General Fund and Plant Fund
- Since Plant Fund varies with capital project needs, it may vary widely in % year over year
- Per FTSE is a difficult measure since MCC has seen an increase in headcount with a decrease in FTSE. Meaning MCC is serving more students even though it appears the college is spending more per FTSE.
- Healthcare costs (premiums) are more difficult to control and are seen as a highly-valued benefit to the staff & faculty
- Remember the cherry-pie illustration when examining the levy figures

Schedule C Review:

- Restricted Funds include Federal Pell Awards – this may appear as a decrease in expenses if enrollment declines
- The plant fund is used for capital projects including technology needs, but is treated differently in the Expenditure Limitation Statute rules
- Personnel costs (salary & benefits) are embedded in all categories – Personnel expenses represent over 60% of the budget for the college

Budget to Actual Opportunity

	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20***
% under budget - all funds	37.19%	33.41%	31.76%	29.53%	19.31%
Budgeted Expenses	$48,747,977	$45,412,086	$44,906,285	$44,229,857	$45,245,866
Operating Expenses	$30,618,074	$30,241,549	$30,645,079	$31,169,605	$36,508,366
Excess Capacity	$18,129,903	$15,170,537	$14,261,206	$13,060,252	$8,737,500*
*4 months of contingency use for pandemic (2019-2020)					
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20***
% under budget - GF funds	10.00%	11.72%	5.16%	0.06%	-5.82%
Budgeted GF Expenses	$32,065,033	$32,268,743	$30,505,012	$29,446,055	$29,801,424
Operating Expenses	$28,859,546	$28,487,248	$28,930,044	$29,427,282	$31,535,991
Excess Capacity	$3,205,487	$3,781,495	$1,574,968	$18,773	$(1,734,567)*

IV. Ratios & Composite Financial Index
(Klippenstein & Marbury)

Primary Reserve Ratio:
Are resources sufficient and flexible enough to support the mission?
.40x or better is advisable (you can cover 5 months of expenses)

GFAO Minimum	0.167
HLC Benchmark	0.400
MCC (2020-2021)	1.260
w. 2 million capital project	0.990
w. 3 million capital project	0.980

Viability Ratio:
Are resources, including debt, managed strategically to advance the mission?
1:1 isn't necessarily best – can your net assets cover your debt?
*This ratio becomes arithmetically impossible to calculate when the denominator (amount of debt) is zero.

HLC Benchmark	0.600
MCC since 2015-2016*	0.000*

*2015-2016 = Bond Payoffs

Return on Net Assets Ratio:
Does asset performance and management support the strategic direction?
Use to answer: Are we better than last year?

HLC Benchmark	0.07
MCC (2020-2021)	0.28
w. 2 million capital project	0.24
w. 3 million capital project	0.22

Net Operating Revenues Ratio
Do operating results indicate the institution is living with available resources?
2%-4% over extended time; 4%-6% is a better target

HLC Benchmark	0.040
MCC (2020-2021)	0.230
w. 2 million capital project	0.190
w. 3 million capital project	0.180

Composite Financial Index
Overall Health of the College

HLC Benchmark	3.00
MCC (2020-2021)	9.48
w. 2 million capital project	9.13

w. 3 million capital project 8.98

V. Fiscal Year 2022 Budget Preparation: Revenue and Expense Considerations (Klippenstein & Marbury)

VI. Adjournment (Bare)

Dr. Bare adjourned the workshop at 12:00 p.m.